SENATE—*Tuesday, February 7, 1989*

(Legislative day of Tuesday, January 3, 1989)

The Senate met at 2:15 p.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. BYRD].

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray:

Blessed is the man that walketh not in the counsel of the ungodly, nor standeth in the way of sinners, nor sitteth in the seat of the scornful. But his delight is in the law of the Lord; and in his law doth he meditate day and night. And he shall be like a tree planted by the rivers of water, that bringeth forth his fruit in his season; his leaf also shall not wither; and whatsoever he doeth shall prosper. The ungodly are not so: but are like the chaff which the wind driveth away. Therefore the ungodly shall not stand in the judgment, nor sinners in the congregation of the righteous. For the Lord knoweth the way of the righteous: but the way of the ungodly shall perish. Psalm 1.

Gracious God, our Heavenly Father, may we heed to the wisdom of Psalm 1. Give us eyes to see, ears to hear, hearts to receive, and wills to take seriously the truth of God. Help us, Lord. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. Under the standing order, the majority leader is recognized.

THE JOURNAL

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Journal of proceedings be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. MITCHELL. Mr. President, I ask unanimous consent to proceed to the consideration of the House-passed joint resolution disapproving the pay raise at 2:30 p.m.; that there be 30 minutes of debate on the resolution, to be equally divided between the majority and Republican leaders or their designees, and that no amendments or motions be in order during the consideration of the joint resolution; provided further that without any intervening business, a vote occur on the joint resolution at 3 p.m. today, with paragraph 4 of rule XII being waived.

The PRESIDENT pro tempore. Is there objection? The Chair hears none. That will be the order of the Senate.

Mr. MITCHELL. Mr. President, I further ask unanimous consent that the vote on final passage of the joint resolution be for a time not to exceed 45 minutes.

The PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 12 NOON TOMORROW—MORNING BUSINESS

Mr. MITCHELL. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 12 noon on Wednesday, February 8, and that on Wednesday, following the time for the two leaders, there be a period of morning business not to exceed 2 hours with Senators permitted to speak therein for up to 5 minutes each.

The PRESIDENT pro tempore. Without objection, it is so ordered.

SCHEDULE

Mr. MITCHELL. Mr. President, for the information of all Senators, it is my intention today, following the vote on the pay resolution, which should end not later than 3:45 p.m., to have a period for the transaction of morning business within which Senators will be permitted to speak for up to 5 minutes each and introduce legislation and make other inserts; to have a similar period tomorrow, as has already been agreed to, and following that period to go to the nomination of Clayton Yeutter to be Secretary of Agriculture, in the event that it is ready for action by the full Senate, with a vote thereon to occur sometime at or prior to 3 p.m. tomorrow afternoon.

Mr. President, I yield the floor.

Mr. LEAHY addressed the Chair.

The PRESIDENT pro tempore. Has the majority leader yielded the floor?

Mr. MITCHELL. I yield to the Senator from Vermont.

THE YEUTTER NOMINATION

Mr. LEAHY. Mr. President, I do not mean to step in on the leaders. I noted the distinguished leader mentioned the Yeutter nomination. We have just completed, as the distinguished Republican leader knows as a member of the committee, the vote in committee which was unanimous for Mr. Yeutter. And I am going to put in the appropriate paperwork this afternoon on him.

It would be certainly my intention, and I know Senator LUGAR's, the ranking member, intention to ask tomorrow that we go forward with that. I think the schedule that the leader has proposed is an excellent one. Once we make sure that all final paperwork is done we will be ready to go.

Mr. MITCHELL. If I might ask the Senator from Vermont then to be prepared to proceed with the Yeutter nomination at 2 p.m. tomorrow.

Mr. LEAHY. I will be prepared, I might say. Whatever time the leadership wants we will be prepared, and we will be here.

RECOGNITION OF THE REPUBLICAN LEADER

The PRESIDENT pro tempore. The Republican leader.

THE YEUTTER NOMINATION

Mr. DOLE. Mr. President, while the chairman of the Agriculture Committee is on the floor, I understand the only condition being if there are answers to written questions that they be submitted by then; is that correct?

Mr. LEAHY. I might say, Mr. President, to the distinguished Senator from Kansas, that there were a couple of Members who wanted a little bit more detail on some written questions. I anticipate no difficulty in those answers getting in here nor do the Members who are asking for it. That is the only thing pending.

Mr. DOLE. I thank the Senator from Vermont. We will alert Mr. Yeutter to make certain those questions have been addressed, because it is important to have this nomination confirmed.

JOINT RESOLUTION OF DISAPPROVAL

Mr. DOLE. Mr. President, I thank the majority leader for his cooperation in getting a unanimous-consent agreement on the disapproval resolution. I think all Members on both sides will be voting now for a second time on pretty much the same resolution, and vote probably pretty much the same, 19 to 1, or something like that, against the pay increase.

I would hope that the President, President Bush, might, when he signs

the resolution of disapproval—maybe sometime later this week, and he will be addressing Congress Thursday evening—indicate that he does believe a pay raise is in order for the executive branch, the judicial branch, and then maybe leave it up to the Members. If we cannot agree, we cannot agree.

But I can say, as I said—and I think the majority leader said last week when we debated this issue—there are a number of people in the executive branch and many judges in this country, and many potential judges, who I think merit the pay raise—not 51 percent, but a reasonable increase. And I hope the President of the United States might address that and make his wishes known.

I do not think he is unwilling to do that. Some Members would say, "Well, don't decouple. If we decouple it, there will never be a raise for Members of Congress." Others believe just the contrary—that, if others have the increase, sooner or later Members of Congress might have a reasonable increase, again not 50 percent.

There are four-star generals in the service of their country who are receiving two-star pay. In fact, many two-star generals are receiving less because they are not allowed to make more than Members of Congress. I do not think that is fair. So we should not punish anyone in the military, or the executive branch, or the judicial branch because we are not able to agree on our own pay.

It is a very difficult question—to agree on any raise for Members of Congress, and there are some in this body who would vote against a 1-percent raise, or a 2-percent raise for Members. Others would not.

I think we would have a majority for a reasonable pay increase but I do believe that 51 percent—as many have indicated, and as I have indicated—was too much to swallow, and the American people spoke. The House responded. And now we will do the same here in a few moments.

OTHER ISSUES

It seems to me it is in our interest to get this issue behind us and move on to issues of great importance. The S&L proposal presented by President Bush is a big step in the right direction. It is met with I think fairly bipartisan support. It has had support from the business sector, from banks and S&L's, and others in the business sector. I suggest Congress may make some changes. There is a rather heavy public exposure—$40 billion over 10 years. It is going to come from the taxpayers. It is a lot of money.

Some will want to see if we cannot shrink that, but it seems to me based on the discussion we had in our policy luncheon at noon that everybody knows that is a very difficult problem—and they generally support the President for biting the bullet, making the tough decision, and not only that, before he made it he consulted with Members of Congress, both Republicans, Democrats, and other people who were experts in the matter. That was certainly well received in the Republican policy luncheon.

THE TOWER NOMINATION

So we are prepared. It would also be my hope that some time this week we could take up the nomination of John Tower to be Secretary of Defense. We have a recess next week. The Tower nomination has been pending. It is my understanding that the latest FBI report based on latest rumors is now available to the chairman of the Armed Services Committee, and will be in writing later this afternoon. We have had an oral report. Most of the charges are groundless. Others were certainly not grounds for disqualification.

OTHER NOMINATIONS

I would hope that we might be able to make a final judgment on that nomination this week and then that leaves still others where reports are not yet ready. The Energy Secretary nominee, Admiral Watkins, and the HHS nominee, Dr. Sullivan—there may be a hearing this week on that nomination in the Finance Committee. That would still leave our former colleague, Congressman Edward Derwinksi, for Veterans' Affairs, and Mr. Bennett for the so-called drug czar. I think every other nomination has been handled expeditiously. I congratulate the majority leader for that.

I reserve the remainder of my time.

Mr. MITCHELL. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The absence of a quorum has been suggested. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MITCHELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

FEDERAL PAY RATE RECOMMENDATIONS

The PRESIDENT pro tempore. The hour of 2:30 p.m. having arrived, under the order previously entered the Senate will proceed to the consideration of House Joint Resolution 129, which the clerk will report.

The assistant legislative clerk read as follows:

A joint resolution (H.J. Res. 129) disapproving the increase in executive, legislative, and judicial salaries recommended by the President under Section 225 of the Federal Salary Act of 1967.

The PRESIDENT pro tempore. Time is controlled by the two leaders or their designees.

Who yields time?

Time is running and is equally divided and equally charged.

What is the will of the Senate?

Mr. DOLE. I yield 3 minutes to the Senator from South Dakota.

The PRESIDENT pro tempore. The senior Senator from South Dakota [Mr. PRESSLER] is recognized for 3 minutes.

Mr. PRESSLER. Mr. President, I think this pay raise matter has come to a resolution that is pleasing to the American people. Both Houses are voting. I long have said that one of the key complaints is that under this automatic procedure, a pay raise could go forward without a vote in the two Houses of Congress. I think that the agitation around the country and the radio talk shows and so forth came about, in part, because of this automatic quadrennial procedure.

It was my pleasure to be on one of those talk shows with the former Speaker of the House, Tip O'Neill, and it was my assessment that perhaps the quadrennial procedure was an appropriate idea at the time, but since then the American people have made it clear that they want Congress to vote on its pay.

Also, this procedure provided for a 50-percent increase in one jump, and the American people clearly spoke and said that they did not want that. I was proud to be the author, along with Senator GRASSLEY, of a proposal that passed here in the Senate last week disapproving this pay raise and requiring a vote on future congressional raises.

It is my sincerest belief that the passage of that resolution in this body, by a vote of 95 to 5, resulted in increased pressure on the House to vote.

I know that many in the Government had hoped for an increase, but the fact of the matter is that until we deal with the deficit that we have before us, we should not start the year with a 50-percent pay increase. The Senate will vote in a few minutes on this matter. I expect us to overwhelmingly agree with the House. I also expect that the President will sign this resolution today.

It is my contention that we should not consider a pay increase this year. There may be a time when a pay raise is in order, but certainly it should not be 50 percent. It should be done with a vote under our regular procedures, and it should be done in a timely fashion—perhaps if we have moved toward a balanced budget or have a balanced budget, if it is tied to cost of living, or some plan along those lines. But I do not think that we can ever move a pay raise under this quadrennial automatic commission.

The American people have spoken, and I am very happy with the outcome.

Mr. President, I applaud the House of Representatives for voting to disapprove the pay raises for Members of Congress, senior Federal officials, and Federal judges. Given the overwhelming vote last week on my amendment to dissapprove this pay raise, I am confident the Senate will reaffirm its position on this excessive pay hike proposal.

A pay raise is inappropriate at this time. It would have been a big mistake for us to start this Congress with a 50-percent pay increase. Difficult choices must be made on where to cut spending. I sincerely believe the public will accept these cuts more readily when this pay raise proposal finally is stopped.

Mr. President, I am very pleased that the House accepted our proposal. But I still believe we need to go further in reforming the process by which these raises currently are allowed to go into effect. We should require a vote on future congressional pay raises. Unfortunately, down the road, I believe we will find ourselves in the same predicament as we are in today unless the procedure is changed. The American people have expressed their outrage over automatic congressional pay raises. Backdoor pay raises do not hold Members accountable. It is time for Congress to fix permanently the questionable methods Congress uses to increase its pay.

I will not press my amendment again today. I do not want to jeopardize this opportunity to stop the raises. However, I will continue working with our distinguished colleagues, Senators GRASSLEY, DECONCINI, HELMS, HUMPHREY, MCCAIN, and others until we have true reform.

Mr. President, today is a victory for the American taxpayers. Eighty-five percent of the public opposed the proposed pay raise. It is encouraging that Congress, in truly democratic fashion, has listened to the voters and represented them well by defeating this pay raise.

The PRESIDENT pro tempore. Who yields time?

Mr. DOLE. I yield 3 minutes to the Senator from Iowa.

The PRESIDENT pro tempore. The senior Senator from Iowa [Mr. GRASSLEY] is recognized for 3 minutes.

Mr. GRASSLEY. Mr. President, today a tidal wave of democracy is sweeping over the Federal Government, and that is despite the original intentions of the U.S. Congress. For today, as we adopt this resolution, which I feel we will, we indeed do the will of the people.

Unfortunately, though, the people had to speak pretty loud before Congress finally opened its ears. The vote of the House is now behind us, an overwhelming vote of 380 to 40. I am confident that the Senate will repeat its overwhelming vote of last Thursday night to also reject the Pay Commission's recommendations.

I am also confident that the President will sign the resolution of disapproval. Several weeks ago, I wrote to President Bush and urged him to oppose the 51 percent pay raise. I expect very much that he will make the responsible choice and join with the 85 percent of the American people who also oppose this 51-percent pay raise.

It will be much easier for Congress and the administration to say yes to budget cuts this session, when we have first said no the 51-percent pay raise.

As an Iowa newspaper editor wrote, "It is too bad that Congress doesn't put as much energy and creativity into solving the problems of our country as they do in giving themselves a pay raise."

Mr. President, that may be a very harsh comment, but I do think it expresses the feeling that I sense out there in the grassroots. Maybe if we can channel that energy into deficit reduction, we can balance the budget, and I think we will by 1993.

Then we set the stage, because we do things in a businesslike fashion, or at least that is one way of showing that we do. We then have earned a pay raise. With the pending pay increase behind us, Congress must finish the business of pay reform. The current process is not only awkward but also demeaning. I certainly do not want to go through this again. So we must fix a process that does not work—and the public does not seem to tolerate it—by correcting the law so that a vote from Congress is required on future pay proposals, and public faith will be restored.

Mr. President, I congratulate my colleagues in this body and the other body for taking what I expect will be bold and absolutely correct action. Consequently, I urge this body to vote "yes" on House Joint Resolution 129.

I yield the floor.

Mr. DOLE. Mr. President, I yield 3 minutes to the distinguished Senator from North Carolina [Mr. HELMS].

The PRESIDENT pro tempore. The senior Senator from North Carolina [Mr. HELMS] is recognized for 3 minutes.

Mr. HELMS. Mr. President, the problem with this whole gambit is that it was an attempt to do the wrong thing at the wrong time in the wrong way.

There is an old adage: "You can lead a horse to water, but you cannot make him drink." The American people, by expressing their outrage over this 51 percent pay increase, have made a lot of people drink. That is good. They proved that you can fight city hall, that you can take on the Congress of the United States despite all of its legerdermain and all of its little legislative tricks.

Maybe now we can go back to the drawing board, reconsider the pay raise issue, and this time do it right.

Whatever the argument may be for raises for anybody, judges or other officials of this Government, trying to force through automatic pay increases was not the right way to do it.

The people understood that; they spoke. The House reacted yesterday, and the Senate shortly, I am confident, will support a resolution of disapproval.

I think this has been a good exercise in democracy, and I hope that we all have learned something from it. I say again that now we have an opportunity to go back and reconsider this issue of Federal salaries and this time to do it right.

I yield back the remainder of my time and I thank the leader for granting me the time.

Mr. MITCHELL. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The absence of a quorum has been suggested.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MITCHELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MITCHELL. Mr. President, I ask for the yeas and nays on the upcoming vote.

The PRESIDENT pro tempore. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

ORDER FOR PERIOD FOR MORNING BUSINESS

Mr. MITCHELL. Mr. President, I ask unanimous consent that following the vote there be a period of morning business not to exceed 2 hours with Senators permitted to speak therein for up to 5 minutes each.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MITCHELL. Mr. President, I yield the floor.

The PRESIDENT pro tempore. The Republican leader is recognized.

Mr. DOLE. Mr. President, I know of no further requests for time on this side.

I think the issue is clear. We have read about it in the papers. It has been on a few radio programs and a few television programs. There has been a lot of mail on the issue. I think the American people, as I indicated, indicated their desire.

In our policy luncheon we asked for a show of hands on different things. One thing was fairly clear; nobody raised their hand for a pay cut.

So I hope we will just go on as we have been doing without any reduction in any honoraria. I think we can make certain, each one of us, that we

are not in any way influenced because we make a speech to some group and are paid for it.

So I would guess the point I would make from the Republican policy luncheon is I think most Senators—in fact nearly every Senator—said let us get this pay thing behind us; let us vote for the resolution; let us disapprove it; let us reject it.

Many thought we ought to go ahead then and recommend some increase for executive officials, those who were mentioned in this pay raise, and certain military officials and judges.

But I would say for the record that not a single person who I saw at the luncheon wanted anyone to reduce the pay.

We were not entitled to a raise but we are not entitled to a reduction, either. It seems to me that is the consensus of our meeting.

I will just indicate I think most Members feel rather strongly about it. I would hope that we will have some bipartisan support if that battle should come to the floor where there is an effort to reduce what Members are paid.

I yield back the remainder of the time on this side.

The PRESIDENT pro tempore. Who yields time?

Under the order the vote will occur at 3 p.m. with Senators yielding back time.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The absence of a quorum has been suggested.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MURKOWSKI. I ask unanimous consent that I may proceed for 3 minutes on the matter at hand.

The PRESIDENT pro tempore. Without objection, the Senator may proceed until the hour of 3 p.m.

Mr. MURKOWSKI. I thank the Chair.

Mr. President, it occurs to me, as we reflect on the lengthy debate on the matter before us, that if this body had made the decisions as we went along to take the COLA's as they were originally authorized back in 1975, we probably would not be here today debating the issue on the justification of salary increases for Members of Congress as well as the judiciary and the other specified Federal offices.

I have had an opportunity to prepare a 10-year formula of just what the cost-of-living allowances added to the salary of Members of Congress would have been. I think it is interesting to note, Mr. President, that today Members of Congress under this formula would be receiving $117,842.00.

I ask unanimous consent that a table highlighting the COLA's we have given to Federal employees and their effect on our salaries had we taken them, be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Year	COLA given to Federal employees (percent)	Amount equal to percent of Members salary	Congressional salary assuming COLA increase
1976	4.8	$2,140	$46,740
1977 [1]	28.9	13,508	60,248
1977	7.05	4,247	64,495
1978	5.5	3,547	68,042
1979	7.02	4,776	72,818
1980	9.11	6,633	79,451
1981	4.8	3,813	83,264
1982	4.0	3,330	86,594
1983	4.0	3,463	90,057
1984	3.5	3,152	93,209
1986	3.0	2,796	96,005
1987	2.0	1,920	97,925
1987 [1]	15.6	15,276	113,201
1988	4.1	4,641	117,842

[1] Note: 1977 figure of 28.9 percent and 1987 figure of 15.6 percent reflect President's recommendation with respect to results of the Commission on Executive, Legislative and Judicial Salaries—these recommendations were accepted.

Also, chart based on 1975 salary of $44,600 (which includes a 5 percent COLA).

Members accepted full COLA in 1975, 1983, 1984 and 1986 partial COLA of 5.5 percent accepted in 1979.

Information prepared by Congressional Research Service.

Mr. MURKOWSKI. Mr. President, the reality of these automatic cost-of-living adjustments speak for themselves. The very fact that we see fit to authorize them and pass them on and exclude ourselves bears, I think, the examination of the wisdom of those decisions during that period of time.

So, I would simply remind my colleagues, as we look to the alternatives—because this subject obviously is not going to go away; it is not going to be abandoned—perhaps we should give thought to rectifying the situation and recognizing the equity that if, indeed, it is appropriate that we recognize cost-of-living allowances, for other Federal employees, we also recognize the same principle for Member of Congress, member of the judiciary and others who appropriately should receive this consideration.

I thank the Chair and I yield the floor.

Mr. JEFFORDS. Mr. President, I will be voting against the resolution before us today but I want to be sure that my vote is not misinterpreted.

The vote last Thursday did three important things. As last Thursday, this resolution disapproves an excessive pay raise. I still agree with this.

However, last Thursday, we also made a clear statement that a raise for the judiciary should not be tied to the legislative branch and should be considered separately. In addition, we made a clear policy statement that any pay raise to us ought to be offset by a like reduction in honoraria. This resolution does not do these last two things. I am voting no to make it clear that I have not changed my position on these important issues.

Mr. DODD. Mr. President, this is the hour that many of my colleagues hoped would never arrive. A strategy that many had counted on to put the President's pay recommendations into effect without a vote in the other body has unraveled. We are forced to yet again to face the consequences of our own historic inability to justify and vote for an increase in the salary of top Federal officials, including the Congress.

We can argue among ourselves about the strategy that was pursued and the results of its failure. But I happen to believe it is the responsibility of Senators and Representatives—a responsibility to our constituents—to be on record on issues as controversial as our own pay, however difficult that may sometimes be. I have gone on record, I have spelled out my reasoning on this matter, and I have cast my vote—as I will vote again today.

I have said that I consider the President's recommended pay increase excessive; that this is not the year for Congress to be granting itself a substantial raise. I have said, however, that I would support the President's recommendation as an important step toward curbing the influence of special interests and resolving the fundamental question of who pays Congress, and as a means to attract and retain the highest talent in the Federal judiciary and the senior executive service. I have said further that, should the raise and the related honorarium ban go into effect, I would return to the Treasury this year the difference between the new salary level and my current pay, which is made up of my congressional salary and the speaking fees allowed under Senate rules.

I had hoped, Mr. President, that this would be the year Congress would look itself and the country squarely in the eye and correct a two-source pay system nobody likes and nobody believes serves the public interest. I had hoped that we would resolve to pay public servants solely from public funds. Sadly, I was wrong.

With today's vote, which everyone knows will be a lopsided rejection of the President's recommendation, we go in precisely the wrong direction. We freeze the pay of Federal judges and the top tier of the Government's professional and managerial class at submarket levels. We lock in an honorarium system that bears the potential for grievous abuse. And we ensure that the next pay raise Congress approves for the Nation's top officials—if such a raise is ever approved—will be passed through the back door, rather than in the light of day.

The PRESIDENT pro tempore. Under the order previously entered,

the hour of 3 o'clock having arrived, the clerk will read the joint resolution for the third time.

The legislative clerk read as follows:

A joint resolution (H.J. Res. 129) disapproving the increases in executive, legislative, and judicial salaries recommended by the President under section 225 of the Federal Salary Act of 1967.

The PRESIDENT pro tempore. The yeas and nays have been ordered. The question is on passage of House Joint Resolution 129. The clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER (Mr. BRYAN). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 94, nays 6, as follows:

[Rollcall Vote No. 12 Leg.]

YEAS—94

Adams	Fowler	McConnell
Armstrong	Garn	Metzenbaum
Baucus	Glenn	Mikulski
Bentsen	Gore	Mitchell
Biden	Gorton	Moynihan
Bingaman	Graham	Nickles
Bond	Gramm	Nunn
Boren	Grassley	Packwood
Boschwitz	Harkin	Pell
Bradley	Hatch	Pressler
Breaux	Hatfield	Pryor
Bryan	Heflin	Reid
Bumpers	Heinz	Riegle
Burdick	Helms	Robb
Burns	Hollings	Rockefeller
Byrd	Humphrey	Roth
Chafee	Inouye	Rudman
Coats	Johnston	Sanford
Cochran	Kassebaum	Sarbanes
Cohen	Kasten	Sasser
Conrad	Kerrey	Shelby
Cranston	Kerry	Simon
D'Amato	Kohl	Simpson
Danforth	Lautenberg	Specter
Daschle	Leahy	Symms
DeConcini	Levin	Thurmond
Dixon	Lieberman	Wallop
Dole	Lott	Warner
Domenici	Lugar	Wilson
Durenberger	Mack	Wirth
Exon	McCain	
Ford	McClure	

NAYS—6

Dodd	Kennedy	Murkowski
Jeffords	Matsunaga	Stevens

So the joint resolution (H.J. Res. 129) was passed.

Mr. MITCHELL. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order there will now be a period for the transaction of morning business for not to exceed 2 hours, with Senators permitted to speak therein for up to 5 minutes each.

NOMINATION OF JOHN TOWER TO BE SECRETARY OF DEFENSE

Mr. COHEN. Mr. President, there have been a number of items in the paper concerning the nomination of John Tower to be Secretary of Defense. Several recent reports indicate that defense magazines, Defense News, for example, and Army Times, have editorialized against the nomination of John Tower. I will ask unanimous consent that an article prepared by Benjamin Schemmer, editor of Armed Forces Journal International, be printed in the RECORD.

I should point out that Mr. Schemmer, a West Point graduate and former senior Pentagon official, has edited the 125-year-old, independent Armed Forces Journal International for 21 years. He has also done something unusual. He has admitted his bias: John Tower was the chairman of the Journal's board of directors until he resigned on January 20. Mr. Schemmer makes that very clear. I think he presents a cogent case why John Tower is indeed qualified to be Secretary of Defense.

I ask unanimous consent that his article and the editorial endorsing John Tower be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

IS IT TOWER'S FORCE OF CHARACTER, NOT THE LACK OF IT, THAT WORRIES HIS DETRACTORS?

(By Benjamin F. Schemmer, Editor, Armed Forces Journal International)

While Mikhail Gorbachov's "peacekrieg" excites the west with promises of a moderate new defense policy, President George Bush's defense policy appears in limbo because his Secretary of Defense-designate still awaits muster by the U.S. Senate. Gorbachov makes headlines with a cascade of appealing new initiatives; John G. Tower makes news having his dignity shredded by a torrent of allegations that he lacks the moral fiber, impartiality, and managerial experience to defend America (and our allies) honestly and efficiently.

John Tower hasn't just been carefully "screened" for this appointment; he's been "sifted," as he noted wryly a few weeks ago. Tower is undergoing democracy's version of Chinese water torture, given the weeks of White House interrogatories, FBI background checks, and press scrutiny he underwent in November and December. Since Tower's nomination on December 16th, the Senate Armed Services Committee has been undertaking a microscopic postmortem of all those inquiries—a process that some now view as an autopsy rather than the independent check of fitness for office which the Senate is supposed to provide. But the process is taking so long and has been so punctuated with innuendo that some pundits have concluded that John Tower's crucible has become George Bush's albatross. But they haven't questioned the double standards behind some challenges to Tower's confirmation.

Some say Tower's effectiveness as Secretary of Defense will be diminished, at least initially, because of the prolonged public scrutiny he has undergone while waiting, first, to be nominated and, now, to be confirmed. Others suggest he will be crippled simply because so many questions have been raised about him, no matter they should prove unfounded.

Concerns like those have been voiced several times, for instance, by Representative Les Aspin, Chairman of the House Armed Services Committee. It's a curious argument—as if what might now disqualify Tower from serving as Secretary of Defense is that he's been more thoroughly vetted for the post than any of the 16 Defense Secretaries who, should he be confirmed, will have served before him. Following that logic, one might as well suggest that George Prescott Bush should have refused the oath of office on January 20th because he had to campaign so long to win a vote of confidence from the American people.

Late last week, just when it seemed the Senate Armed Services Committee had about concluded its commendably painstaking and unprecedented investigation of Tower's fitness for office, a vote on his confirmation was delayed because of a new allegation challenging Tower's personal conduct. To their credit—but Tower's pain (and the President's)—Senators Sam Nunn and John Warner, the Committee's Chairman and ranking minority member, immediately made public news of the charge and asked the White House to have the FBI investigate it. Atop that, late last week two defense tabloids (Defense News and Army Times, owned by the same publisher) issued press releases flaking editorials from this week's editions that headlined, "Tower Should Step Aside." That made the CBS, NBC, and ABC evening news on Friday, even though neither contained any new information or new allegations: their thrust was "It is [Tower's] job since 1986 as a defense consultant that is most troubling."

That was the ultimate redundancy in double standards: two tabloids which depend for most of their income on advertising from defense firms (as does the magazine which I edit) challenged Tower's impartiality, while touting their own editorial independence and reportorial integrity, even though their pages are filled with news reports about hardware programs their advertisers are managing.

While John Tower's mettle continues to be tested by an overload of stray voltage, it is to President Bush's credit that he continues quietly to forge the comprehensive reassessment of American defense policies and Pentagon priorities which John Tower has promised. Indeed, as the latest spate of allegations made America's front pages and TV tubes last weekend, Tower was at the White House late Saturday afternoon working on the revised defense budget which the President will present to Congress late this week. One doubts that President Bush would have had Tower working on that agenda were he concerned that John G. Tower might not survive the latest round of character assassinations.

I've known John Tower well over a decade, and I've traveled with him to Europe to forums noted especially for their collegial, informal, after-hour discussions with our NATO allies—environments uniquely conducive to honest exchanges of differing views, but also replete with temptations to let one's hair down too much or to overindulge in the European grape. Until January 20th, Tower was the chairman of our board of directors, and my publisher and I have had occasion to enjoy Tower's company over lunch, over cocktails, at receptions, and during dinner. I have never seen John Tower "womanize;" I have never seen him under the influence of alcohol; I have never seen him embarrass himself, his committee, or his country. Indeed, his per-

sonal conduct has been a model of probity. Professionally, he is a hard-nosed but caring boss, a manager who minces no words yet gets things done with diplomacy and dispatch. He has never intruded on our editorial work, whether on behalf of his defense contractor clients or any other cause.

Indeed, I suspect that it is his force of character, not his lack of it, that worries some people about Tower's appointment as Secretary of Defense. To the discomfort of many senior military leaders, for instance, Tower has said repeatedly he plans to take a hard look at Service "roles and missions," a Pentagon sacred cow that most of his predecessors went out of their way never to challenge. He's also made clear that he plans to focus on "people" as a way of coping with constrained defense budgets; that translates to a challenge of military "force structure," another issue most members of the Joint Chiefs of Staff would prefer to avoid.

There is an old military saying, "Hardship builds character." Could it be that Tower's crucible may turn out to be the best testimony yet to George Bush's judgment of personal integrity and professional competence?

OUR BOSS QUIT; NOW HE NEEDS YOUR HELP

He quit; he's left us. A hard-nosed but caring boss, he could get more done with fewer words than any man we've ever known. But the President gave him a better offer, heading a team that will end amateur night in the Pentagon. Former Senator John G. Tower resigned as Chairman of AFJI's Board of Directors effective January 20th, and, as this issue went to press, he was midway through his Senate confirmation hearings to become America's 17th Secretary of Defense, the most thoroughly vetted one in America's history. John Tower wasn't just carefully "screened" for this appointment; as he's put it, he was "sifted." It's been a little rough on Tower, but he's a tough guy; and the unprecedented scrutiny he's undergone will, in the end, be good for America as well as our allies, imposing special confidence from the outset as Tower undertakes his heavy responsibilities in these uniquely challenging times.

We forego the usual temptation to give an incoming Secretary of Defense our advice. John Tower doesn't need it. What he needs now is your help—honest input from real professionals on the pitfalls and potential ahead.—Benjamin F. Schemmer.

CONTINUING THE VOLUNTARY RESTRAINT AGREEMENT PROGRAM

Mr. ROCKEFELLER. Mr. President, I am here to speak on another dimension of the steel industry. I have been making a series of statements on the Senate floor, hopeful that people around this building will be listening and perhaps be persuaded by what it is that I and Senator HEINZ and others have to say. My goal is to lay out a clear rationale for continuing the Voluntary Restraint Agreement Program, which is due to expire, in fact, this year. Tomorrow, I will introduce legislation to extend the voluntary restraint agreement enforcement authority.

Last Thursday, Mr. President, I discussed the state of the U.S. steel industry in some detail. Today I would like to talk about the steel industries around the rest of the world and what they are doing and how they are sustained.

Beginning in 1974, global excess capacity in steel has caused pervasive mercantilism by our trading partners. This has manifested itself in many ways, and chief among them are two particular forms of behavior:

First, foreign governments have poured billions and billions of dollars into the construction of new steel mills; and

Second, foreign governments have poured billions of dollars into existing mills in order to preserve employment.

Many nations have also acted to protect home markets while increasing exports by any means at their disposal. Until recently, for example, South Africa flatout banned steel imports. The European Community has maintained a system of voluntary restraints on imports since 1978 which has held import penetration below 13 percent. Most developing countries have policies like Brazil's Law of Similars which limit steel imports to products the country's industry cannot supply.

In Communist countries, the state obviously is the only purchaser of steel, and it only buys what is not available from its home industry. In Japan, import penetration has never exceeded 6 percent and has averaged 4 percent. Japanese steel manufacturers have allegedly used their distribution system and other means to keep imports down.

With home markets protected, the U.S. market has for years served as an irresistable magnet for dumped and subsidized imports from all sources. Indeed, import penetration in the United States increased from around 13 percent in 1975 to over 26 percent by 1984. With declining demand in the late 1970's and 1980's, these government policies led to a gross imbalance between supply and demand and to disaster for U.S. steel companies.

How is steel sold in the global market? Every way imaginable. If you can think of a subsidy, it has been used. Since 1965, there have been several hundred subsidies and dumping cases brought against foreign steel producers by the U.S. industry and many have resulted in affirmative findings of subsidization and dumping.

That is the pattern, Mr. President. Other countries subsidize, protect, and dump.

I refer my colleagues to a compendium of these cases in the appendix to a document entitled "A National Steel Policy for Steel" published by our country's six largest integrated producers, and ask unanimous consent that this document be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. ROCKEFELLER. Mr. President, some examples of state intervention are: Brazil, through its state-owned steel holding company, Siderbras, has poured $14 billion into new construction, expansion, and infrastructure improvements for its domestic industry between 1979 and 1986. Because these investments occurred during the downturn in steel consumption after 1974, the Brazilian Government sold its steel at dumped and subsidized discount prices.

Italy's state-owned steel industry's principal operating subsidiary has not made a profit in 19 years. They do not care. Between 1980 and 1985, the Italian Government provided $14 billion in subsidies for its steel sector, most of it to cover operating losses.

Indonesia, Turkey, and Spain are other examples—and the list goes on and on. What has the U.S. industry done during this time? They have been forced to downsize, to rationalize—the U.S. industry has reduced its capacity by 30 percent, laid off over 55 percent of the work force that we had only a few years ago, to wit, approximately 350,000 jobs and over 25 of our companies have gone through bankruptcy, including LPV and Wheeling-Pittsburgh.

Mr. President, in a perfect, free-market world, that is the way excess capacity is reduced. The problem is, no one else is dealing with overcapacity anywhere near the way our country has. If the Voluntary Restraint Agreement Program expires and comes to a halt, the U.S. steel industry will have to continue its down-sizing virtually alone. More jobs will be lost, more companies will be lost, more capacity will be lost, and national security quickly becomes a vital factor. And that is not fair or wise. It is not fair to the industry nor to its workers, who have labored long and hard to bring our companies back to profitability and competitiveness. And it would be unwise to risk losing such a critical part of our country's industrial base.

World steel trade and indeed, the world steel industry itself, has been shaped by the policies of national governments. There is still excess capacity and there is still work to be done to make the U.S. industry more competitive. Many experts believe as much as $3 to $4 billion a year by U.S. companies is needed in new investments. Without the VRA's, it will be very difficult to make or justify investments of that magnitude.

And without further modernization, the industry is in danger of repeating the painful contractions of 1982-86 the minute we begin another downturn.

We must extend the VRA Program—the economic condition of the industry remains fragile and its financial recov-

ery has only begun. I am confident that my colleagues in both bodies of Congress will agree, and that we will enact the necessary legislation swiftly.

Mr. President, I conclude my remarks simply by saying that when the voluntary restraint agreement on steel is introduced tomorrow by Senator HEINZ and myself, I hope that my colleagues will understand that this is not a frivolous or protectionist measure. It is something which simply provides the chance for our industry to survive.

President Bush supports it. There will be many cosponsors to this.

We have much work to do. We will not be very able to do it in this country without a viable steel industry.

(Ms. MIKULSKI assumed the chair.)

EXHIBIT 1

APPENDIX: ANTIDUMPING AND COUNTERVAILING DUTY CASES CONCERNING STEEL, 1965–88

Country and product	AD/CVD	DOC prelim percent	Date [1]	DOC final percent	Date [1]	ITC injury determination
Argentina:						
Barbed wire and barbless wire strand	AD	Affir	May 3, 1985	69.02	Sept. 23, 1985	Affir Nov. 7, 1985.
Carbon steel cold rolled sheet	AD	Affir	July 25, 1984	122.3 wt ave, Range 30.30–242.50	Dec. 13, 1984	Neg Apr. 2, 1987.
Carbon steel cold rolled sheet	CVD	Affir	Feb. 10, 1984	5.4 wt ave, Range 2.34–6.42	Apr. 26, 1984	
Carbon steel wire rod	AD	Affir	May 8, 1984	119.11 wt ave, Range 24.85–151.66	Sept. 27, 1984	Affir Nov. 15, 1984.
Carbon steel wire rod	CVD	13.8	July 14, 1982			
Oil country tubular goods	AD	Affir	Jan. 16, 1985	61.70 wt ave, Range 3.94–130.70	Mar. 29, 1985	Neg. May 22, 1985.
Oil country tubular goods	CVD	Affir	Sept. 12, 1984	0.09	Nov. 27, 1984	
Welded carbon steel line pipe	CVD	2.46 ad valorem	July 14, 1988			
Welded carbon steel rectangular tubing	CVD	6.92 ad valorem	July 14, 1988			
Welded carbon steel standard pipe	CVD	0–4.2 ad valorem	July 14, 1988			
Australia:						
Carbon steel galvanized sheet	AD	Affir	July 25, 1984	38.22 wt ave, Range 1.21–93.20	Dec. 18, 1984	
Steel reinforcing bars and shapes	AD	Treasury Affir	Sept. 9, 1969	Treasury Affir	Nov. 27, 1969	Tariff Com. Affir Mar. 5, 1970.
Austria:						
Carbon steel hot-rolled sheet	AD	Affir	June 3, 1985	2.2	Aug. 19, 1985	Neg Oct. 3, 1985.
Carbon steel products	CVD	Affir	Mar. 20, 1985	2.27	Aug. 19, 1985	Neg Oct. 3, 1985.
Oil country tubular goods	AD	2.93 wt ave	Aug. 14, 1985			
Oil country tubular goods	CVD	1.82	June 3, 1985			
Belgium:						
Carbon steel products	AD	Postponed	July 16, 1980			
Carbon steel products	AD	Initiated	Oct. 25, 1983			
Carbon steel products incorporated multiple product investigations.	CVD	Affir	June 17, 1982 June 29, 1982 Aug. 10, 1982	de min—13.411	Sept. 7, 1982	
Carbon steel structural shapes	AD	0.01–17.97 1.14 wt ave	Aug. 16, 1982			
Carbon steel wire rod	CVD	Affir	July 14, 1982	13.225	Sept. 27, 1982	
Hot rolled carbon steel plate	AD	1.88 wt ave, 0–26.62	Aug. 16, 1982			
Hot-rolled carbon steel sheet	AD	9.83 wt ave, 0–24.87	Aug. 16, 1982			
Brazil:						
Barbed wire and barbless wire strand	AD	47.55	May 3, 1985			
Carbon steel but-weld pipe fittings	AD	Affir	Aug. 11, 1986	52.25	Oct. 24, 1986	Affir Dec. 17, 1986.
Carbon steel products	AD	Affir	Apr. 26, 1984	0–18.15 wt ave	July 11, 1984	Affir Aug. 29, 1984.
Carbon steel products	CVD	Affir	Feb. 10, 1984	36.95 wt ave, 17.49–62.18	Apr. 26, 1984	Affir June 20, 1984.
Carbon steel wire rod	AD	Affir	May 4, 1983	0–7.43	Sept. 22, 1983	Affir Nov. 7, 1983.
Carbon steel wire rod	CVD	Affir	July 14, 1982	15.5		
Cold-rolled sheet	AD	Affir	Apr. 18, 1984	0.91 wt ave, Range 0–1.40	July 2, 1984	Neg Sept. 24, 1984.
Cold-rolled sheet	CVD	Affir	Feb. 3, 1984	36.95 wt ave	Apr. 18, 1984	Affir.
Hot-rolled carbon steel sheet	AD	Affir	Sept. 7, 1983	6.45 wt ave, Range 6.09–18.15	Jan. 25, 1984	Affir Mar. 21, 1984.
Hot-rolled plate	AD	Affir	Sept. 7, 1983	86.81 wt ave, Range 65–58–100.4	Jan. 25, 1984	Affir Mar. 21, 1984.
Hot-rolled plate in coil	AD	Affir	Sept. 7, 1983	57.42 wt ave, Range 50.55–89.46	Jan. 25, 1984	Affir Mar. 21, 1984.
Hot-rolled sheet	CVD	Affir	Feb. 3, 1984	36.95 wt ave	Apr. 18, 1984	Affir.
Large diameter carbon steel welded pipes and tubes.	AD	Affir	Sept. 5, 1984	23.55	Jan. 28, 1985	
Oil country tubular goods	AD	33.08 wt ave, Range 0–63.78	Jan. 16, 1985			
Oil country tubular goods	CVD	Affir	Sept. 12, 1984	22.41 wt ave, Range 11.35–25.24	Nov. 27, 1984	Affir Jan. 16, 1985.
Prestressed concrete steel wire strand	CVD	Affir	Aug. 10, 1982	13.90	Feb. 1, 1983	Neg. Mar. 23, 1983.
Small diameter circular pipe	AD	3.23 wt ave, Range 0–3.23	Dec. 24, 1984			
Stainless steel products	CVD	Affir	Nov. 19, 1982	13.42	May 13, 1983	Affir July 7, 1983.
Steel products	CVD	Affir	June 17, 1982	12.53	Jan. 20, 1983	Affir Mar. 16, 1983.
Tool steel	CVD	Affir	Jan. 3, 1983	19.83	June 6, 1983	Affir July 20, 1983.
Welded carbon steel pipes and tubes	CVD	Affir	Oct. 12, 1982	13.30		
Canada:						
Carbon steel bars and structural shapes	AD			Treasury de minimus—40.64	Sept. 25, 1964	Tariff Com. Affir Sept. 4, 1964.
Oil country tubular goods	AD	Affir	Jan. 7, 1986	Range 3.48–33.78	Apr. 22, 1986	Affir June 11, 1986.
Oil country tubular goods	CVD	Affir	Dec. 30, 1985	0.72	Apr. 22, 1986	Affir June 11, 1986.
Steel jacks	AD	Treasury Affir	May 8, 1965	Treasury Affir	May 24, 1966	Trariff Com. Affir Aug. 24, 1966.
Steel reinforcing bars	AD			Treasury 6.40	Apr. 21, 1964	Tariff Com. Affir Mar. 27, 1964.
Steel sheet piling (lightweight)	AD	Affir	June 28, 1982	de minimus—0.05	July 6, 1984	
China:						
Small diameter standard pipe and tube	AD	Affir	Apr. 29, 1986	30.00	July 10, 1986	Neg Sept. 4, 1986.
Steel wire nails	AD	Affir	Jan. 9, 1986	6.33	Mar. 25, 1986	Affir May 14, 1986.
Czechoslovakia:						
Carbon steel plate	AD	Initiated	Jan. 2, 1985			June 4, 1985.
Cold-rolled sheet	AD	Initiated	Jan. 2, 1985			June 4, 1985.
E.C.: Steel rails	CVD	Initiated	Sept. 29, 1982			
Finland:						
Carbon steel plate	AD	Affir	Apr. 4, 1984	12:30 wt ave, Range 4.6–45.9	Dec. 14, 1984	
Cold-rolled sheet	AD	Initiated	Jan. 2, 1985			
Hot-rolled sheet	AD	Initated	Jan. 2, 1985			
Plate in coils	AD	Initiated	Jan. 2, 1985			
France:						
Carbon steel products	AD	Initiated	Apr. 17, 1980			
Carbon steel products	CVD	Affir	June 17, 1982	3.702–21.416	Sept. 7, 1982	
Carbon steel structural shapes	AD	0.03–23.53, 9.06 wt ave	Aug. 16, 1982			
Carbon steel wire rod	CVD	Affir	July 14, 1982	de min—14.223	Sept. 27, 1982	
Cold-rolled carbon steel sheet and strip	AD	0–47.2, 11.50 wt ave	May 28, 1985			
Hot-rolled carbon steel sheet and strip	AD	0–42.32, 8.40 wt ave	Aug. 16, 1982			Oct. 29, 1982.
Prestressed concrete steel wire strand	CVD	Affir	Aug. 6, 1982	4.792	Oct. 22, 1982	Neg Dec. 15, 1982.
Stainless steel sheet and strip	AD	Affir	Dec. 9, 1982	2.9–14.6	Apr. 29, 1982	Affir.
Germany, East						
Carbon steel plate	AD	42.0	June 3, 1985			
Carbon steel wire rod	AD	26.3	Mar. 12, 1985			
Cold-rolled sheet	AD	60.0	June 3, 1985			
Hot-rolled sheet	AD	80.0	June 3, 1985			
Germany, West:						
Carbon steel plate	AD	1.97	Oct. 1, 1984			
Carbon steel products	AD	Initiated	Apr. 17, 1980			
Carbon steel structural shapes	AD	0–43.39, 4.94 wt ave	Aug. 16, 1982			
Cold-rolled carbon steel sheet and strip	AD	0–52.04, 6.43 wt ave	Aug. 16, 1982			

APPENDIX: ANTIDUMPING AND COUNTERVAILING DUTY CASES CONCERNING STEEL, 1965–88—Continued

Country and product	AD/CVD	DOC prelim percent	Date [1]	DOC final percent	Date [1]	ITC injury determination
Hot-rolled carbon steel plate	AD	0–34.62, 8.22 wt ave	Aug. 16, 1982			
Hot-rolled carbon steel sheet and strip	AD	0–35.70, 3.94 wt ave	Aug. 16, 1982			
Stainless steel sheet and strip products	AD	Affir	Dec. 17, 1982	1.49–7.76	May 6, 1983	Affir June 15, 1983.
Steel products	CVD	Affir	June 17, 1982	0–1.131	Sept. 7, 1982	
		Amended	Aug. 4, 1982			
Tool steel	AD	Affir	Jan. 12, 1983	0.93–18.41	July 11, 1983	Affir July 20, 1983.
Hungary: Carbon steel plate	AD	Initiated	Jan. 14, 1985			
India: Welded carbon steel standard pipe and tube.	AD	Affir	Dec. 31, 1985	7.08	Mar. 17, 1986	Affir May 7, 1986.
Iran: Circular welded carbon steel pipe and tube.	CVD	336.14 ad valorem	Oct. 29, 1987			
Israel:						
Oil country tubular goods	AD	Affir	Aug. 25, 1986	11.96 wt ave	Jan. 14, 1987	Affir Mar. 4, 1987.
Oil country tubular goods	CVD	Affir	Jan. 11, 1986	11.86 ad valorem	Jan. 15, 1987	Affir Mar. 4, 1987.
Italy:						
Carbon steel products	CVD	Affir	June, 17, 1982	17.81–26.05	Sept. 2, 1982	
Cold-rolled carbon steel	AD	0–30.71, 9.72 wt ave	Aug. 16, 1982			
Hot-rolled carbon steel sheet and strip	AD	0–21.62, 3.07 wt ave	Aug. 16, 1982			
Iron and steel chain	CVD	Treasury Affir	Apr. 13, 1977	Treasury 15 lire/kilo	Oct. 11, 1977	Neg Oct. 1, 1980.
Steel welded wire mesh	CVD			Treasury 15.28 lire/kilo	June 1, 1968	
Welded carbon steel pipes and tubes	CVD	Initiated	June 3, 1982			
Welded steel wire fabric products	AD	Initiated	Dec. 17, 1985			Neg Jan. 15, 1986.
Welded steel wire fabic products	CVD	Initiated	Oct. 30, 1985, Dec. 12, 1985.			Neg Jan. 15, 1986.
Japan:						
Carbon steel butt-weld pipe fittings	AD	Affir	Mar. 11, 1986	Range 0.13–270.2, wt ave, 30.83–65.81.	Dec. 29, 1986	Affir Feb. 4, 1987.
Carbon steel plate	AD	Treasury Affir	Oct. 6, 1977	Treasury 4.0–13.0	Jan. 13, 1978	Affir Apr. 24, 1978.
Iron and steel chain	CVD	Treasury Affir	Feb. 7, 1978	Treasury 2.0 ad valorem	Aug. 24, 1978	Neg Feb. 21, 1980.
Prestressed concrete steel wire strand	AD	Treasury Affir	May 31, 1978	Treasury 0–4.5	Aug. 28, 1978	Affir Nov. 29, 1978.
Seamless stainless pipes and tubes	AD	Initiated	May 22, 1980			Neg Apr. 23, 1980.
Stainless clad steel plate	AD	Affir	Mar. 22, 1982	2.08	June 4, 1982	Affir July 29, 1982.
Stainless steel butt-weld pipe fittings	AD	Affir	Sept. 16, 1987	0.08–65.08 wt ave	Feb. 4, 1988	Affir Mar. 24, 1988.
Stainless steel wire cloth	AD	Affir	Jan. 3, 1985	0.30–5.58 wt ave	Mar. 15, 1985	
Steel offshore platform jackets and piles	AD	Affir	Nov. 15, 1985	Range 8.88–9.19	Mar. 31, 1986	Affir May 15, 1986.
Steel pipes and tubes	AD	Affir	Aug. 25, 1982	de minimis—22.95	Jan. 11, 1983	Affir Feb. 24, 1983.
Steel valves and parts	AD	Affir	Apr. 5, 1984	13.09	June 20, 1984	Neg Aug. 8, 1984.
Steel wire nails	AD	Initiated	July 2, 1981			
Steel wire rope	AD	Treasury Affir	Mar. 9, 1973	Treasury de minimis—9.68	June 7, 1973	Tariff Com. Affir Sept. 14, 1973.
Korea:						
Carbon steel plate	AD	Affir	Apr. 13, 1984	5.0 wt ave	June 29, 1984	Affir Aug. 15, 1984.
Circular welded carbon steel pipe and tubes.	AD	Affir	Oct. 28, 1983	0.90 wt ave, Range 0.76–1.52	Mar. 16, 1984	Affir May 9, 1984.
Cold-rolled carbon steel sheet	CVD	Affir	Sept. 18, 1984	3.6	Dec. 3, 1984	Affir Jan. 23, 1985.
Hot-rolled sheet	CVD	Affir	Oct. 12, 1982	1.88 wt ave	Dec. 27, 1982	Affir Feb. 15, 1983.
Galvanized sheet	CVD	Affir	Oct. 12, 1982	1.74 wt ave, Range 1.36–1.74	Dec. 27, 1982	Affir Feb. 15, 1983.
Oil country tubular goods	CVD	Affir	Sept. 12, 1984	de minimis—0.53	Nov. 28, 1984	Neg Jan. 16, 1985.
Steel offshore platform jackets and piles	AD	Affir	Nov. 15, 1985	17.34	Mar. 31, 1986	Affir May 15, 1986.
Steel offshore platform jackets and piles	CVD	Affir	July 15, 1985	Range 0.16–8.73	Mar. 31, 1986	Affir May 15, 1986.
Steel plate	CVD	Affir	Oct. 12, 1982	1.88 wt ave	Dec. 27, 1982	Affir Feb. 15, 1983.
Steel wire nails	AD	Treasury Neg	Oct. 26, 1979	.005–11.5 wt ave, Range 0–32.1	May 23, 1980	Neg Aug. 13, 1980.
Steel wire nails	AD	Affir amended	Feb. 3, 1982	3.8 wt ave	June 24, 1982	Affir Aug. 11, 1982.
			Mar. 19, 1982			
Tapered tubular steel transmission structures.	AD	Initiated	Feb. 21, 1985			
Welded carbon steel pipes and tubes	CVD	Affir	Oct. 12, 1982	1.88 wt ave, Range 0–1.88	Dec. 27, 1982	Affir Feb. 15, 1983.
Welded carbon steel rectangular structure and mechanical tubes.	AD	Affir	Oct. 31, 1983	1.47 wt ave	Mar. 16, 1984	Neg May 9, 1984.
Welded steel wire fabric products	CVD	Initiated	Oct. 30, 1985			
Carbon steel structural shapes	CVD	Affir	June 17, 1982	0.539–1.523	Sept. 7, 1982	
Malaysia:						
Carbon steel wire rod	CVD	Neg 0.45 de min	Jan. 15, 1988	17.71	Apr. 18, 1988	
Welded carbon steel pipe and tube products.	CVD	Initiated	June 17, 1988			
Mexico:						
Carbon steel bars and shapes	CVD	Affir	June 12, 1984	2.03–104.58 corrected	Aug. 17, 1984–Sept. 7, 1984.	
Carbon steel products	CVD	4.98	Feb. 10, 1984			
Oil country tubular goods	AD	20.77	Jan. 16, 1985			
Oil country tubular goods	CVD	Affir	Sept. 12, 1984	5.84	Nov. 30, 1984	Affir Jan. 4, 1985.
Welded carbon steel pipe and tube	CVD	23.65 wt ave	Jan. 31, 1985			
New Zealand:						
Carbon steel wire nails	CVD	Affir	July 21, 1987	5.25–45.01	Oct. 5, 1987	
Carbon steel wire rod	CVD	Affir	Dec. 23, 1985	25.69	Mar. 7, 1986	
Steel wire	CVD	Affir	June 16, 1986	6.84	Sept. 2, 1986	
Norway: Structural shapes	AD	Affir	May 29, 1985	13.7	Oct. 16, 1985	Neg Nov. 29, 1985.
Peru: Steel concrete reinforcing bar	CVD	Affir	Sept. 16, 1985	29.98	Nov. 27, 1985	
Philippines: Small diameter standard pipe and tube.	CVD	Affir	Apr. 29, 1986	10.2	Sept. 18, 1986	Neg Nov. 13, 1986.
Poland:						
Barbed wire and barbless wire strand	AD	Affir	May 3, 1985	36.25 wt ave	July 22, 1985	
Carbon steel plate	AD	15.02	May 28, 1985			
Carbon steel products	AD	15.02	June 3, 1985			
Carbon steel wire rod	AD	Affir	May 8, 1984	36.8 wt ave, Range 28–65.9	July 20, 1984	Neg Sept. 12, 1984.
Carbon steel wire rod	AD	Initiated	May 3, 1985			
Steel wire nails	AD	Initiated	July 3, 1985			
Structural shapes	AD	59.96	May 29, 1985			
Portugal: Carbon steel wire rod	AD	24.80	Sept. 23, 1985			Affir Oct. 8, 1985.
Romania:						
Carbon steel products	AD	50–63	June 3, 1985			
Cold-rolled carbon steel sheet	AD	63.0	Aug. 16, 1982			
Galvanized sheet	AD					Neg Feb. 4, 1985.
Hot-rolled carbon steel plate	AD	13.2	Aug. 16, 1982			
Hot-rolled carbon steel sheet	AD	50.0	May 28, 1985			
Saudi Arabia: Carbon steel wire rod	CVD	Affir	Nov. 20, 1985	5.48	Feb. 3, 1986	
Singapore:						
Light rectangular pipe and tube	AD	Affir	Apr. 29, 1986	23.03	May 20, 1986	Affir Nov. 13, 1986.
Standard pipe and tube	AD	Affir	Apr. 29, 1986	6.76	May 20, 1986	Neg Nov. 13, 1986.
South Africa:						
Carbon steel pipe and tube	CVD	Affir	Mar. 9, 1983	21.64	Sept. 12, 1983	
Carbon steel products	AD	Initiated	Mar. 7, 1984			
Carbon steel wire rod	CVD	Affir	July 8, 1982	7.8 before Apr. 1, 1982 de minimis post Apr. 1, 1982.	Sept. 27, 1982	
Carbon steel wire rope	CVD	21.75	Sept. 13, 1982			
Galvanized steel wire strand	CVD	23.0	Feb. 15, 1983			

APPENDIX: ANTIDUMPING AND COUNTERVAILING DUTY CASES CONCERNING STEEL, 1965–88—Continued

Country and product	AD/CVD	DOC prelim percent	Date [1]	DOC final percent	Date [1]	ITC injury determination
Prestressed concrete steel wire strand	CVD	Affir	Apr. 14, 1982	27.1	Aug. 2, 1982	
Steel products	CVD	Affir	June 17, 1982–June 29, 1982.	6.7–15.1 before Apr. 1, 1982 de minimis post Apr. 1, 1982.	Sept. 7, 1982	
Spain:						
Carbon steel cold-rolled sheet	AD	Affir	July 25, 1984	21.24 wt ave, Range 17.37–22.15	Dec. 13, 1984	
Carbon steel galvanized sheet	AD	Affir	July 25, 1984	21.48 wt ave, Range 19.52–24.38	Dec. 13, 1984	
Carbon steel hot-rolled sheet	AD	Affir	July 25, 1984	22.13 wt ave	Dec. 13, 1984	
Carbon steel plate	AD	Affir	July 25, 1984	32.82 wt ave	Dec. 13, 1984	
Carbon steel structurals	AD	Affir	July 25, 1984	16.17 wt ave, Range 0–27.44	Dec. 13, 1984	
Carbon steel wire rod	AD	Affir	May 8, 1984	36.43 wt ave, Range 0.12–41.25 corrected.	Sept. 27, 1984–Oct. 25, 1984.	Affir Nov. 15, 1984.
Carbon steel wire rod	CVD	Affir	Feb. 24, 1984	16.95 wt ave, Range 16.03–29.94	May 8, 1984	Affir July 5, 1984.
Cold-formed alloy steel bars	CVD					Neg June 10, 1982.
Cold-formed stainless steel bar	CVD	Affir	Aug. 31, 1982	2.09–15.43	Nov. 15, 1982	Neg Jan. 5, 1983.
Hot-rolled stainless steel bar	CVD	Affir	Aug. 31, 1982	3.19–15.43	Nov. 15, 1982	Jan. 5, 1983.
Iron or steel chain	CVD	Treasury Affir	July 14, 1977	Treasury 12.5 of f.o.b. value	Jan. 24, 1978	
Oil country tubular goods	AD	Affir	Jan. 16, 1985	76.8 wt ave, Range 70.1–83.5	Mar. 29, 1985	Affir May 22, 1985.
Oil country tubular goods	CVD	Affir	Sept. 12, 1984	17.21 wt ave, Range 16.17–22.54	Nov. 30, 1984	Affir Jan. 16, 1985.
Prestressed concrete steel wire strand	CVD	Affir	Apr. 12, 1982	1.77 corrected	July 1, 1982–July 28, 1982	Neg Sept. 1, 1982.
Stainless steel sheet and strip	AD	Affir	June 26, 1984	39.56	Sept. 10, 1984	Neg Oct. 31, 1984 corrected Nov. 29, 1984.
Stainless steel wire rod	CVD	Affir	Aug. 31, 1982	3.19–15.43	Nov. 15, 1982	Affir Jan. 5, 1983.
Steel cold-formed carbon bars	CVD	Affir	Aug. 30, 1982	0–15.08	Nov. 15, 1982	Affir Jan. 2, 1983.
Steel cold-rolled sheet	CVD	Affir	Aug. 30, 1982	10.12–38.25	Nov. 15, 1982	Affir Jan. 2, 1983.
Steel galvanized sheet	CVD	Affir	Aug. 30, 1982	4.54–10.12	Nov. 15, 1982	Affir Jan. 2, 1983.
Steel hot-rolled carbon bars	CVD	Affir	Aug. 30, 1982	0–15.08	Nov. 15, 1982	Affir Jan. 2, 1983.
Steel hot-rolled plate	CVD	Affir	Aug. 30, 1982	10.12	Nov. 15, 1982	Affir Jan. 2, 1983.
Steel structurals	CVD	Affir	Aug. 30, 1982	1.64–10.12	Nov. 15, 1982	Affir Jan. 2, 1983.
Welded carbon steel pipes and tubes (rectangular).	AD	49.69 wt ave, Range 49.69–49–69.	Dec. 31, 1984			
Welded carbon steel pipes and tubes (circular).	AD	40–75 wt ave, Range 19.13–53.01.	Dec. 31, 1984			
Welded carbon steel pipes and tubes	CVD	1.14	Oct. 17, 1984			
Sweden:						
Carbon steel cold-rolled sheet	CVD	Affir	Mar. 20, 1985	8.77	Aug. 19, 1985	Affir Oct. 3, 1985.
Hot-rolled sheet and plate	CVD	Affir	Mar. 20, 1985	8.77	Aug. 19, 1985	Neg Oct. 3, 1985.
Stainless steel hollow products	AD	Affir	May 22, 1987	26.46–34.50	Oct. 9, 1987	Affir Nov. 25, 1987.
Stainless steel hollow products	CVD	Affir	Dec. 5, 1986	2.18 ad valorem	Feb. 26, 1987	Neg Apr. 8, 1987.
Stainless steel plate	AD			Treasury 0–8.81	Feb. 2, 1973	Tariff Com. Affir May 7, 1973.
Taiwan:						
Butt-welded pipe fittings	AD	Affir	Aug. 11, 1986	Affir	Oct. 24, 1986	Affir Dec. 17, 1986.
Carbon steel plate	AD			Affir Treasury 19.97	June 13, 1979	Affir May 22, 1979.
Circular welded carbon steel pipes and tubes.	AD	Affir	Oct. 28, 1983	9.7 wt ave, Range 9.7–43.7	Mar. 16, 1984	Affir May 9, 1984.
Lightwalled rectangular pipe and tubes	AD	Affir	Mar. 17, 1987	17.29 wt ave	June 1, 1987	Neg July 22, 1987.
Lightwalled rectangular pipe and tubes	AD	initiated	June 14, 1988			
Oil country tubular goods	AD	Affir	Jan. 7, 1986	26.32 wt ave,	May 29, 1986	Affir June 11, 1986.
Welded carbon steel line pipe	AD	Affir	Dec. 30, 1985	27.98	Mar. 14, 1986	Neg May 7, 1986.
Welded carbon steel pipe and tubes	AD	Affir	July 22, 1985	7.09	Dec. 12, 1985	Neg Jan. 24, 1986.
Thailand:						
Steel wire nails	CVD	Affir	July 21, 1987	1.10	Oct. 2, 1987	
Welded carbon steel pipe and tubes	AD	Affir	Oct. 3, 1985	15.60–15.69	Jan. 27, 1986	Affir Mar. 3, 1986.
Welded carbon steel pipe and tubes	CVD	Affir	June 6, 1985	1.79 ad valorem	Aug. 14, 1985	
Trinidad/Tobago:						
Carbon steel wire rod	AD	Affir	May 4, 1983	9.79	Sept. 22, 1983	Affir Nov. 7, 1983.
Carbon steel wire rod	CVD	Affir	Oct. 20, 1983	6.738	Jan. 4, 1984	
Turkey:						
Line pipe	AD	Affir	Jan. 3, 1986	0.46–40.23	Apr. 17, 1986	Neg May 7, 1986.
Welded carbon steel pipe and tube	AD	Affir	Jan. 3, 1986	1.26–23.12	Apr. 17, 1986	Affir May 7, 1986.
Welded carbon steel pipe and tube	CVD	Affir	Oct. 28, 1985	17.80	Jan. 10, 1986	Affir Mar. 3, 1986.
United Kingdom:						
Carbon steel products	AD	Initiated	Apr. 17, 1980			
Carbon steel products	CVD	Affir	June 17, 1982	1.88–20.33	Sept. 7, 1982	
Carbon steel structural shapes	AD	0–45.84	Aug. 16, 1982			
Hot-rolled carbon steel plate	AD	0–148.09	Aug. 16, 1982			
Prestressed concrete steel wire strand	AD	Affir	Oct. 6, 1982	33.89	Dec. 20, 1982	Neg Feb. 9, 1983.
Stainless steel plate	CVD	Affir	Feb. 10, 1983	19.31	Apr. 27, 1983	Affir June 15, 1983.
Stainless steel sheet and strip	CVD	Affir	Feb. 10, 1983	0–19.31	Apr. 27, 1983	Neg June 15, 1983.
Venezuela:						
Carbon steel products	AD	4.84	June 3, 1985			
Carbon steel products	CVD	72.26	Mar. 20, 1985			
Carbon Steel wire rod	AD	Affir	July 23, 1982	40.0	Dec. 30, 1982	Neg Feb. 24, 1983.
Carbon steel wire rod	CVD	70.98	July 11, 1985			
Welded carbon steel pipes and tubes (small diameter).	AD	26.19	June 3, 1985			
Welded carbon steel pipes and tubes	AD	55.7 wt ave	Aug. 13, 1985			
Welded carbon steel pipes and tubes	CVD	76.0 wt ave	Nov. 13, 1985			
Yugoslavia:						
Steel wire nails	AD	84.76 wt ave	Nov. 20, 1985			
Welded carbon steel pipe and tube	AD	Affir	Dec. 31, 1985	33.26	Mar. 14, 1986	
Welded carbon steel pipe and tube	CVD	Affir	Oct. 16, 1985	74.50	Dec. 31, 1985	
Zimbabwe:						
Carbon steel wire rod	CVD	Affir	June 4, 1986	47.33	Aug. 15, 1986	

[1] If available, this is date of publication in Federal Register. Otherwise it is date of decision.

THE PRESIDENT'S STEEL PROGRAM

Mr. HENIZ. Mr. President, as my distinguished colleague from West Virginia has pointed out, today is the second day that he and I have taken the floor to discuss the extension of the President's Steel Program.

As my colleagues will recall, last week I went into some detail, complete with charts, on the fundamentally distorted nature of the world steel market. I itemized the extent of subsidized steel production throughout the world. I provided a complete list of the many antidumping and countervailing duty cases that the domestic steel industry successfully pursued in the past.

My conclusion last week was that world trade in steel was a mess and that the primary, though hardly exclusive, victim was the United States, the most open developed market for steel.

The President's Steel Program was created to try to bring some order to the market in a way that would help the domestic industry, battered by unfairly traded imports, to regain its competitiveness. In that respect, the program has had a major impact.

Capacity in the industry has been reduced some 27 percent since 1982 without the billions of dollars in foreign

government assistance that, for example, the European Community invested to do the same thing over a much longer period of time.

Product yields are up from 6 percent and energy efficiency is up a stunning 37 percent since 1982.

By 1987, the U.S. steel industry required somewhere between 8 to 14 percent fewer man-hours per ton—as you can see from this chart, the orange line—than any of the major producers.

After a long period of high costs, the U.S. industry is now competitive with all major producers. That is what this line really means. In fact, a leading steel analyst now estimates that American auto makers as paying about $100 per ton less for their domestic steel than Toyota, Kamatsu or any user is paying in Japan.

Employment costs are shown. Total costs averaged $23.71 per hour in 1987 compared to a record high of $26.29 in November, 1982.

And, as we well aware, employment is also down—more than 60 percent—and it has certainly hurt—from the 1975-79 average.

The President's program has also helped to limit unfairly traded imports. A recent study done by Putnam, Hayes and Bartlett estimates imports would have been 3 percentage points higher if there had been no VRA's, which translates into 8.4 million extra tons shipped and 7,000 jobs saved.

As illustrated in these charts, the orange, the taller part, is the level of imports without the voluntary steel restraints. As my colleagues can see, domestic shipments would have been much lower without the VRA's in the orange and, again, industry employment would have been significantly lower. It has lowered a lot, within the blue, without the VRA's.

This hardly offsets the losses suffered and the terrible human cost that has ensued, but it has clearly led to a more compact, more competitive industry. The study goes on to say:

> In fact, the actual effect is likely to have been even greater. The existence of five-year VRAs itself probably contributed to foreign capacity reductions, thereby increasing capacity utilization and further decreasing imports' share.

This is a particularly significant statement, Madam President, to those of us who have long argued that more frequent demonstrations of the United States will to act aggressively against unfair practices will result in behavior changes overseas. This is a case in point. By being firm, we have helped convince other nations of both the folly of their own market-distorting practices and of our new determination that we will not let them get away with it.

Of equal importance for the future of the program is the fact that it has not had a significant effect on prices. Prices dropped the first 2 years of the program and only began to rise in 1987, for reasons unrelated to the VRA's. By the end of the third quarter of 1988, prices averaged only 4 percent more than when the VRA Program began and were only 2.5 percent higher than in 1981. By contrast, the price of food went up 32.9 percent in the same period.

Trends in import prices have been the same, and they are now higher than U.S. prices. Import prices even went down while the dollar was declining and have only recently begun to rise—far less than the increase that would be required to maintain home country revenues.

This issue of pricing has been a particular sore point for me, Madam President, because of the numerous wild and frankly irresponsible assertions that have been flying around about how much this program costs steel users and consumers.

This program has been in existence for somewhat more than 4 years. For 2 of those years prices fell; for 2 of them prices rose—same program. Elementary logic would suggest that there are other factors in the marketplace beside this program determining the price of steel.

The main factor is obvious—increased demand. Demand for steel is up all over the world, and prices—again, all over the world—have responded accordingly. Add to that the two Congressional Research Service analyses that conclude the VRA Program was not responsible for price increases because actual imports were less than permitted by the VRA's, and one begins to see that the VRA's are not the real issue for steel users; rather it is the interaction of demand and supply in the marketplace.

Equally specious are the various numbers alleged to be the cost of this program to consumers. The one that has achieved the most currency is $7 billion per year, a figure that has been reported uncritically by a number of newspapers. When one realizes that the total value of all imported steel coming into this country in 1987 was $8.3 billion, it is clear how ridiculous the $7 billion figure is. It suggests that over 80 percent of the cost of all imported steel was due to the VRA Program, which makes no sense whatever.

John Jacobson and George Schink of AUS Consultants in Philadelphia have written a brief paper that very effectively demonstrates the nonsense of this figure. Mr. Jacobson and Mr. Schink point out that this figure stems from research that was done in 1984 before the VRA Program was created and was based on assumptions that simply turned out not to be true.

Madam President, I ask unanimous consent that the text of this paper be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

AUS CONSULTANTS,
INDUSTRY ANALYSIS GROUP,
Philadelphia, PA.

WHAT IS THE COST OF THE STEEL VRA PROGRAM?

(By John E. Jacobson, V.P. and Dr. George R. Schink, Chairman)

WHEN DOES $7 BILLION EQUAL $300 MILLION?

The Wall Street Journal editorial page of December 27, 1988 proves once again the squeaky wheel theory that he who trots out the most outrageous number gets the most attention. On that date, The Wall Street printed Mr. Gary Hufbauer's speech to the annual meeting of the American Institute for Imported Steel under the heading of "Wean the Steel Baron From Protection." In his speech, he claimed that the current steel Voluntary Restraint Arrangements (VRAs) cost steel consumers $7 billion per year or $750,000 for every steelworker job saved by the program. Even in today's environment of megadeficits this is a huge number—but is it real? American Iron and Steel Institute (AISI) sponsored research suggests that the cost is closer to $0.3 billion.

SPECULATION NOT SUPPORTED BY THE FACTS

Mr. Hufbauer's $7 billion claim is taken from a book that he wrote in 1984 called "Trade Protection in the United States: 31 Case Studies." In this book, he analyzes a diverse group of industries including textiles, orange juice, automobiles, color television, mushrooms and ceramic tiles as well as steel. This book utilizes the same explanatory model and similar assumptions for each of these diverse industries. It is not altogether surprising then that Hufbauer's work fails to address the real world dynamics of the global steel industry. What is surprising is that Hufbauer would totally ignore what has occurred in steel trade and pricing since the 1984 inception of VRAs when he prepared his December 1988 speech. Shockingly, this $7 billion figure is based on his estimates of more than four years ago about what might happen under VRAs. Here is a comparison of Hufbauer's assumptions with what has actually taken place in the steel industry.

Assumption #1—VRA program will include $500 million in tariffs.

Reality #1—No VRA tariffs.

Assumption #2—In 1985, finished imports will decline to 18.5% of the U.S. market from a 1984 share of 25.7%.

Reality #2—In 1985, finished imports were 23.5% of the U.S. market and total imports were 25.2% of the U.S. market, down from 26.2% in 1984.

Assumption #3—Import prices increase by 30%. Domestic prices increase by 12%.

Reality #3—In 1985, import prices rose by 3% and domestic prices fell by 4%.

In real terms from 1984 to 1988, import prices rose by 4% while domestic prices fell by 7%.

THE STEEL PRODUCER REBUTTAL

The AISI has published findings of VRA impacts which differ enormously from Hufbauer's conclusions. The AISI study estimates that VRAs pushed up domestic steel prices by a mere 0.3% per year for a cost to consumers of $300 million.

The AISI report includes real world steel industry facts and figures, in stark contrast to the Hafbauer make-believe steel data, but

still embodies key self-serving assumptions. Among the more questionable AISI claims are (1) that VRAs have had virtually no impact on steel import prices; (2) that there is no relationship between exchange rates and import prices; and (3) that import constraints may actually have an overall positive welfare effect on the economy by promoting more efficient consumption.

KEY FACTORS AFFECTING THE MARKET UNDER VRA

Neither analysis of the VRA program has taken full account of key factors which have affected the steel market. These include:

(1) Price Changes Under VRA: Coincidence or Causality?

Steel price changes since 1984 have been affected by the longest steel strike in history (USX vs. United Steelworkers from August 1986-February 1987), competition from alternate materials, the gyrating dollar, bankruptcy filings by more than 10% of the steel industry, foreign demand and supply shifts, and the shifting fortunes of steel's major customer groups, as well as by the institution of VRAs. One must evaluate the effect of the VRAs taking full account of these other major influences.

(2) How Binding Are the VRA Constraints?

Our analysis, and that of others including the Congressional Research Service, indicates that VRA quotas have rarely been totally filled for all products from all countries. In fact, the short supply mechanism which is the device to monitor supply pinches on steel consumers has been little used (aside from semifinished steel) during the VRA program. Evidence indicates that VRAs may actually institutionalize a nation's import share (e.g., the auto VRAs with Japan.)

(3) Sharp Domestic Price Rises: Are Steelmakers That Stupid?

Steel is a competitive business. Smart companies cannot afford to price their product in a manner that will damage their customers. The data indicate that domestic price growth has been held down to increase U.S. steel's competitiveness. As shown in the following table, U.S. steel price increases are modest versus steel price increases overseas and price increases for competing materials.

PRICES OF STEEL AND COMPETING MATERIALS (1980–88)

	1980	1984	Percent CH	1988	Percent CH
U.S. Domestic Steel [1] (dollars per ton)	455	437	−4	457	5
Japanese Big Buyer [2] (dollars per tonne)	425	432	2	613	42
Aluminum [3] (cents per pound)	76	61	−20	113	85

[1] Realized steel prices for domestic carbon steel producers as calculated by Purchasing Magazine and AUS Consultants.
[2] Japanese Big Buyer price from World Steel Dynamics.
[3] Purchasing Magazine price for primary aluminum ingot.

A MORE BALANCED APPROACH TO EVALUATING VRA IMPACTS

Analysis by AUS Consultants suggests that determining winners and losers from the steel VRA program is not as simple as it appears on the surface. In fact, the program has vastly different impacts depending upon the country, steel product category and period of time that one analyzes. Not all foreign steel producers lose and not all domestic steel producers win under VRAs. Steel producers in Japan and the EEC are now content with their U.S. market shares due to strong domestic markets and currency shifts. Newly industrializing countries such as Brazil, South Korea and Taiwan would like to see their market allocation increased to assist in their planned steel industry expansions. Many U.S. steel producers themselves, who must buy semifinished steel on the open market, have paid enormous penalties for lack of access to imported semifinished product.

Similarly, the costs of the VRAs to consumers has been highly variable. The 80% surge in U.S. spot steel plate prices from early 1987 to mid-1988 would have been ameliorated by greater availability of imported plate. In stark contrast, consumers of Oil Country Tubular Goods (OCTG) may have benefitted from VRAs by the desire of importers to maintain U.S. market share in spite of weak demand and pricing for this product.

The 20 bilateral VRA agreements currently in place are all scheduled to expire on September 31, 1989. Each agreement has the stated objective of providing the U.S. steel industry with time to modernize and allow steel trade to stabilize. Things have improved dramatically on both of these fronts. However, there remain tremendous challenges ahead for the U.S. and international industry. It is our hope that wildly exaggerated claims by self interested parties will not cloud the vision of policymakers in Washington who must resolve the delicate issue of national steel trade policy.

Mr. HEINZ. Madam President, those assumptions were wrong about the level of imports that would actually be reached, about the configuration of the program, and about both domestic and import prices of steel; yet the figure persists.

This baffles me. Modeling can be useful in leading us to conclusions about the future, but it is unconscionable to continue to use such models 5 years later when empirical data exists to refute their assumptions. This is not the first time this has happened, and it won't be the last. I hope the administration and Congress are intelligent enough to ignore this kind of propaganda and instead base their analyses on real facts, not imaginary ones.

In conclusion, I hope these real facts make clear that the VRA Program has been good for the industry, good for the economy, and, in addition, good for other producers. Tomorrow I will discuss what more needs to be done.

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION SEPARATION ACT AND A BILL TO PROVIDE RISK BASED DEPOSIT INSURANCE PREMIUMS

Mr. GRAHAM. Madam President, we are all painfully aware of the serious problems in our savings and loan industry. Those problems demand pragmatic and expeditious resolution.

There are two schools of thought about how to solve an escalating crisis and they are potentially conflicting:

One says we need to move quickly to cut the losses resulting from over 500 insolvent savings and loans.

The second says we need studied reforms in the system to make sure those insolvencies do not recur.

The announcement yesterday by President Bush, of the administration's proposal to strengthen the S&L industry will contribute to a resolution of those objectives by linking the rescue operation to structural change.

The President's proposal also provides a specific point of departure for public debate and congressional action.

For the same purposes, on January 31, 1989, I introduced two bills—one to separate the Federal Savings and Loan Insurance Corporation from the Federal Home Loan Bank Board and the other to allow FSLIC to authorize a risk-based insurance system.

The first bill—"The Federal Savings and Loan Corporation Separation Act"—will establish a three-member board of trustees to manage the Insurance Program for federally insured savings and loans.

It will also separate the insurance side of the current Federal Home Loan Bank Board from the regulatory and promotion side of the Bank Board.

The financial soundness of the S&L Insurance Program is of paramount interest as this financial soundness underscores the Government's commitment to back individual deposits in federally insured S&L's.

The deficit in the FSLIC insurance fund is now estimated to be between $80 to $100 billion.

Congress cannot stand by as the situation continues to deteriorate. This legislation takes the first steps to restore the health to the system.

Last week the Senate Banking Committee heard testimony from the General Accounting Office which reflects these proposals.

The GAO recommends that we separate FSLIC from the Bank Board and that the FDIC and FSLIC should have the ability to adjust FSLIC insurance premiums. There is a growing consensus on this course of action to restore the system's soundness.

By setting up a separate administration for the insurance program we relieve the pressure on the Federal Home Loan Bank Board from its conflicting responsibilities. The FHLBB will continue to charter local thrift associations, promote the S&L industry and maintain a stable flow of funds for home financing.

The three-member insurance board—consisting of three Presidential appointees—will focus solely on the insurance and regulation of the insurance fund.

That concentrated effort to manage the Insurance Program efficiently and well will promote public confidence in the safety and soundness of our savings and loan system.

This is not a new idea—only an overdue one. In 1956, President Eisenhower proposed a similar reorganization of FSLIC. He believed that the system had matured to the point where separation of the banking and insurance functions would enhance its health and growth. His proposal was never implemented.

And even earlier—in 1945—the General Accounting Office recommended a division of functions, insurance being handled separately. Those recommendations had merit then and they deserve close attention from us today.

For too many years the building crisis in our savings and loan industry didn't make it on to the "A" list of urgent problems.

Procrastination compounded the problem. We don't have years to think it over anymore.

The separation of the insurance corporation from the Bank Board is a sensible beginning to restore the integrity of our savings and loan system.

Our banking industry is a reflection of our democratic and prosperous Nation. Every corner of it deserves our careful scrutiny and protection. The Federal Savings and Loan Insurance Corporation Separation Act makes an important distinction in the key functions directing savings and loans.

Since we are dealing with a multifaced problem, we must act in several areas to improve our S&L system. Accordingly, the second bill I have introduced amends the National Housing Act to establish risk-based insurance premiums for savings and loans.

This bill would permit the FSLIC to establish variable premium schemes for deposit insurance. The amount of an institution's premium would depend on its overall rating under a rating system that the agency would establish by regulation.

The rating FSLIC would create would include, among other things, an institution's capital, assets, management, earnings, liquidity, activities and any other criteria the regulators determine to be necessary and appropriate.

Under no circumstances could an institution's premium exceed the maximum insurance premium established by law—that is: five twenty-fourths of 1 percent for regular premiums and one/eighth of 1 percent for special premiums.

Neither the rating of an institution nor the amount of its adjusted premium would be disclosable under the Freedom of Information Act. This is the same disclosure procedure followed by the banking industry.

This special assessment insurance is a timely idea now because it recognizes the well-capitalized and well-managed savings and loans and allows them to continue to grow.

The continued growth of the healthy S&L's attests to the soundness of the overall system and provides for their contribution to the FSLIC fund which will help keep some of the ailing but not terminal S&L's afloat.

Madam President, we are all of one mind in wanting to restore the integrity of our savings and loan system as quickly as possible.

This legislation—the Federal Savings and Loan Insurance Corporation Act and the bill to amend the National Housing Act—will start us on the road to that recovery and I urge my colleagues to support it.

Madam President, I respectfully ask unanimous consent that copies of the two bills, which were introduced on January 31, 1989, editorials from the Miami Herald and the Washington Post be printed in the RECORD as well as the GAO testimony before the Banking Committee, the text of the Eisenhower plan of 1956 and the chart of GAO audit reports from 1945 through 1949 recommending separation of FSLIC from the Bank Board.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 287

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Federal Savings and Loan Insurance Corporation Separation Act".

SEC. 2. AMENDMENTS TO THE NATIONAL HOUSING ACT.

Section 402(a) of the National Housing Act is amended—

(1) by inserting "(1)" after "(a)";

(2) in the first sentence by striking "five" and inserting "3";

(3) by striking the second sentence; and

(4) by adding at the end the following:

"(2) The Board of Trustees shall consist of—

"(A) a chairman who shall be appointed by the President, by and with the advice and consent of the Senate;

"(B) two members who shall be appointed by the President, by and with the advice and consent of the Senate."

SEC. 3. TRANSFER OF FUNCTIONS.

(a) TRANSFERS TO THE BOARD OF TRUSTEES.—There are transferred to the Board of Trustees, constituted as provided in the amendments made by section 2, all functions of the Federal Home Loan Bank Board, including all functions of the Chairman thereof, with respect to—

(1) directing and operating the Federal Savings and Loan Insurance Corporation (hereinafter referred to as the Corporation); and

(2) the appointment and the fixing of compensation of officers, employees, attorneys, and agents of the Corporation.

(b) TRANSFERS TO THE CORPORATION.—Except as provided by subsections (a) and (c), all functions of the Federal Home Loan Bank Board under title IV of the National Housing Act, including all functions of any member or agent of that Board, and all other functions vested in or performed by that Board by reason of its responsibility to or for the Corporation, are transferred to the Corporation.

(c) RETENTION OF CERTAIN AUTHORITY.—The authority to grant approvals under section 406(a)(2) of the National Housing Act shall remain with the Federal Home Loan Bank Board.

SEC. 4. STATUS OF THE CORPORATION; AUTHORITY OF THE PRESIDENT.

(a) IN GENERAL.—Except as provided in section 3(c) of this Act, the Corporation, including the Board of Trustees, shall hereafter be separate from and independent of the Federal Home Loan Bank Board. After the provisions of this Act take effect, nothing in this Act shall preclude the Corporation or the Federal Home Loan Bank Board, in the exercise of their respective functions, from utilizing the information, services, and facilities of the other under interagency arrangements authorized or permitted by law.

(b) STATUS AS AGENCY.—The Corporation, including the Board of Trustees and all matters under the jurisdiction of the Board of Trustees, shall be subject to the direction and control of the President of the United States.

SEC. 5. INCIDENTAL TRANSFERS.

(a) IN GENERAL.—All assets, liabilities, contracts, commitments, property, records, personnel, and unexpended balances of appropriations, allocations, and other funds (including authorizations and allocations for administrative expenses), that are available or that will be made available to the Corporation shall remain with the Corporation.

(b) SUBSEQUENT TRANSFERS.—So much of the assets, liabilities, contracts, commitments, property, records, personnel, and unexpended balances of appropriations, allocations, and other funds (including authorizations and allocations for administrative expenses), that are available or that will be made available, to the Federal Home Loan Bank Board as the Director of the Office of Management and Budget determines to relate primarily to the Corporation or to its functions (including the functions vested in the Corporation by statute, the functions transferred to the Corporation by the provisions of this Act, and the functions transferred to the Board of Trustees by the provisions of this Act) shall be transferred from the Federal Home Loan Bank Board to the Corporation at such time or times as the Director shall direct.

(c) ADDITIONAL AUTHORITY.—The Director of the Office of Management and Budget may take such other actions as are determined to be necessary in order to effectuate the transfers provided for in this section.

SEC. 6. SAVINGS PROVISIONS.

(A) IN GENERAL.—All orders, determinations, rules, regulations, permits, contracts, certificates, licenses, and privileges that—

(1) have been issued, made, granted, or allowed to become effective by the Federal Home Loan Bank Board or official thereof, or by a court of competent jurisdiction, in the performance of functions which are transferred by this Act; and

(2) are in effect when this Act takes effect,

shall continue to effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with law by the Board of Trustees or a court of competent jurisdiction, or by operation of law.

(b) EFFECT ON ADMINISTRATIVE PROCEEDINGS.—

(1) The provisions of this Act shall not affect any proceedings, including notices of proposed rulemaking, or any application for any license, permit, certificate, or financial

assistance pending on the effective date of this Act before the Corporation, or any officer thereof with respect to functions transferred by this Act. Such proceedings or applications, to the extent that they relate to functions transferred, shall be continued. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made under such orders, as if this Act had not been enacted. Orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by the Board of Trustees or a court of competent jurisdiction, or by operation of law. Nothing in this subsection prohibits the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this Act had not been enacted.

(2) The Federal Home Loan Bank Board and the Board of Trustees of the Federal Savings and Loan Insurance Corporation are authorized to issue regulations providing for the orderly transfer of proceedings continued under paragraph (1).

(c) EFFECT ON LEGAL ACTIONS.—Except as provided in subsection (e)—

(1) the provisions of this Act do not affect actions commenced prior to the effective date of this Act, and

(2) in all such actions, proceedings shall be had, appeals taken, and judgments rendered in the same manner and effect as if this Act had not been enacted.

(d) NO ABATEMENT OF ACTIONS OR PROCEEDINGS.—No action or other proceeding commenced by or against any officer in his official capacity as an officer of the Federal Home Loan Bank Board with respect to functions transferred by this Act shall abate by reason of the enactment of this Act. No cause of action by or against the Federal Home Loan Bank Board with respect to functions transferred by this Act, or by or against any officer thereof in his official capacity, shall abate by reason of the enactment of this Act. Causes of action and actions with respect to a function transferred by this Act, or other proceedings may be asserted by or against the United States, the Board of Trustees, or the Corporation, as may be appropriate, and, in an action pending when this Act takes effect, the court may at any time, on its own motion or that of any party, enter an order which will give effect to the provisions of this subsection.

(e) SUBSTITUTION.—If, before the date on which this Act takes effect, the Federal Home Loan Bank Board or any officer thereof in his official capacity, is a party to an action, and under this Act any function of such Board or officer is transferred to the Board of Trustees or the Corporation, then such action shall be continued with the Board of Trustees or the Corporation, as the case may be, substituted or added as a party.

(f) EXERCISE OF TRANSFERRED FUNCTIONS.—Orders and actions of the Board of Trustees in the exercise of functions transferred by this Act shall be subject to judicial review to the same extent and in the same manner as if such orders and actions had been by the Federal Home Loan Bank Board or any office or officer thereof, in the exercise of such functions immediately preceding their transfer. Any statutory requirements relating to notice, hearings, action upon the record, or administrative review that apply to any function transferred by this Act shall apply to the exercise of such function by the Board of Trustees or the Corporation.

SEC. 7. COMPENSATION.

(a) CHAIRMAN.—Section 5314 of title 5, United States Code, is amended by adding at the end thereof the following:

"Chairman, Board of Trustees, Federal Savings and Loan Insurance Corporation.".

(b) MEMBER.—Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following:

"Member, Board of Trustees, Federal Savings and Loan Insurance Corporation.".

(c) NO ADDITIONAL SALARY FOR BANK BOARD CHAIRMAN.—The Chairman of the Federal Home Loan Bank Board shall serve as a member of the Board of Trustees without additional compensation, but shall be entitled to reimbursement for expenses incurred in connection with such service.

SEC. 8. EFFECTIVE DATE.

The provisions of sections 2, 3, and 4 of this Act shall take effect on the first day following the day on which the second of the two appointive members of the Board of Trustees first appointed under this Act enters upon office as such member.

S. 288

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 404 OF THE NATIONAL HOUSING ACT (12 U.S.C. 1727) IS AMENDED BY ADDING AT THE END THEREOF THE FOLLOWING NEW SUBSECTION:

"(l) RISK-BASED PREMIUM.—

"(1) The Corporation shall establish by regulation a rating system for insured institutions which it shall utilize to establish, at least annually, an overall rating for each insured institution. Such rating system shall be based on such criteria as the Corporation shall determine to be necessary and appropriate, but which shall include, without limitation, capital, activities, assets, management, earnings, and liquidity. Any rating for an insured institution under such system shall be exempt from disclosure under section 552 of title 5, United States Code.

"(2) The Corporation may by regulation establish a system under which it may adjust any premium assessed in accordance with subsection (b) and any additional premium assessed in accordance with subsection (c) to reflect an insured institution's overall rating under the rating system established pursuant to paragraph (1). In no case shall such adjusted premium or additional premium exceed the amount otherwise permitted under this section. The amount of such adjusted premium or special premium shall be exempt from disclosure under section 552 of title 5, United States Code.".

SEC. 2. CONFORMING AMENDMENTS.

Section 404 of the National Housing Act (12 U.S.C. 1727) is amended—

(1) in the first sentence of subsection (b)(1), by striking "Each institution" and inserting "Except as provided in subsection (1), each institution"; and

(2) in subsection (c)(1), by inserting "and subsection (1)" after "paragraph (2)".

[From the Miami Herald, Jan. 28, 1989]

S&Ls: A FINE MESS

Who pays? That's the ultimate question in the mess engulfing many of the nation's savings-and-loan institutions (S&Ls). If Uncle Sam must bail out all of the failing S&Ls—and there are far more of them than can be covered by the deposit-insurance fund—who pays?

The debate has just begun, but already two sets of distasteful options are emerging. Either bank depositors will pay, or the taxpayers will. And either the costs—$100 billion or more—will be assessed openly, or they'll be artfully concealed.

All this is doubly distasteful because fast-money boys who mismanaged or plundered many failed S&Ls are largely spared the costs of their misfeasance and malfeasance. Indeed, many who ought to be in prison are still plying their trade. And why not? Nothing has been done—nothing—to fix the basic problem: The S&Ls—especially the state-chartered ones in places such as California—were deregulated just enough to let them play fast and loose with other people's money, but not enough to make them face the market consequences.

These pillagers were guaranteed that no matter how irresponsible their conduct, Uncle Sam's Federal Savings and Loan Insurance Corp. would pick up the pieces when they went bust. If a car insurer in effect made no distinction between drunks and good drivers, it would go broke too.

How did this mess arise? One powerful lobby—the U.S. League of Savings Institutions—deserves much blame. For years it has had virtual veto power over S&L legislation. It wants the taxpayers to foot the bill, and it was quick to fire at the Bush Administration's trial balloon to let depositors pay.

Granted, there are problems with the plan to assess a fee of 25 cents per $100 of savings. For one thing, it would force the depositors of banks and credit unions to help save the S&Ls. Yet if bank and credit-union depositors were exempted, S&L depositors simply would shift their money.

Commendably, the Federal Home Loan Bank Board is suing three of the Big Eight accounting firms whose audits failed to detect insolvency in S&Ls that soon collapsed. But the penalties, if levied, will be only token compared with the S&Ls' deficit.

So the question recurs: Who pays? If it's not to be the savers whose deposits are insured, it'll be the taxpayers—including some who can't save because they have nothing left after they pay their bills. Is that what Congress wants? If not, then what's the answer? C'mon, Congress, who pays?

[From the Orlando Sentinal, Nov. 25, 1988]

CLEAN UP THE S&L MESS

George Bush's budget-cutting challenge will be made a lot tougher by the savings and loan crisis, but it's not a crisis that should wait long for solutions.

Its scope is frightening. Between $100 billion and $450 billion will be needed to cover the thrift institutions' losses to date. And losses at 500 bankrupt thrifts still open for business are rising between $500 million and $1 billion a month.

The federal government probably will have to pick up the tab for those losses.

It won't let savings accounts go unprotected just because the Federal Savings and Loan Insurance Corp., which guarantees deposits through assessments on the thrifts is worse than broke.

The longer the government waits, though, the larger the debt.

Lay the blame for most of this at the feet of deregulation—and its guru, Ronald Reagan. He has kept hands off. As losses piled up these past few years, he even refused to approve the extra examiners needed to curb industry abuses.

Still, Congress deserves its share of condemnation. Many members who accepted

contributions from the savings and loan industry helped block proposals to make the industry reform itself.

The full story of the crisis is complicated and dates back to the 1970s. It includes many instances of thrifts going bust through no fault of their own.

But the abuses were made possible when Congress removed limits on interest rates the thrifts can pay. It also allowed the thrifts to put 40 percent of their deposits into investments other than the traditional and often not-so-profitable, home mortgages.

That helped many sick thrifts, but it also was an open invitation to fast-buck operators. They bought small thrifts and jacked up interest rates to attract deposits. Depositors didn't care how badly the institutions were managed. They knew FSLIC guaranteed deposits up to $100,000.

In 18 months, one thrift increased deposits from $11 million to more than $700 million. Its inscrupulous owner and many like him shoveled out money to developer friends and others as if it were free.

Defaults on loans soon skyrocketed. So did savings and loan failures.

No doubt Mr. Bush will look for ways to keep the thrifts' losses out of the budget for at least a while longer. He has too many other demands on available resources and has foolishly vowed not to raise taxes.

But whatever he manages to do will be a thumb in the dike.

The losses should be paid off as quickly as possible, Ideally, all those bankrupt thrifts would be closed down within a couple of years to stanch the financial hemorrhage.

However long it takes, the feds should enforce capital requirements for owners of savings and loans. They're supposed to put up about $3 of their own money for every $100 of deposits. Some have put up even more, but the problem-thrifts fall below that figure, if indeed their owners have any personal financial commitment.

Tougher enforcement would restrict the errant thrifts' ability to make loans and cool their ardor for astronomical deposits.

This hairy crisis could help teach Mr. Bush anything he still doesn't know about differences between the theory and the fact of leading the nation.

THRIFTS: FINAL REAGAN DEREGULATION FIASCO

"The irony of this situation is that federal government policies have led to this debacle," said a report on the massive savings and loan fiasco that will cost taxpayers upwards of $100 billion.

The report has an irony of its own. It is the last one that comes from President Reagan's Council of Economic Advisors.

Not mentioned is the fact that deregulation of savings and loans was one of those early moves by the pirates who sailed into Washington with Cap'n Gipper eight years ago.

So its a final irony that these economic wizards who have been navigating Reagan into red ink for eight years continued to brush lightly over what is really wrong with the S&Ls. The council's big suggestion was that perhaps deposit insurance might be lowered from $100,000 to $40,000.

That was too much even for Reagan's treasury secretary, who instantly disagreed. The problem is not federal deposit insurance. The problem is deregulation, coupled with federal deposit insurance.

The real reason that a number of savings and loans got into trouble is that although they were deregulated, their deposits were still insured by good old Uncle Sucker.

And it is only conservative common sense that if the public, through government, is going to insure, then the public, as government, has to regulate.

Deregulating while keeping federal deposit insurance was an open invitation to folly and villainy. Both rapidly began to take place as inexperienced and sometimes corrupt thrift officials broadened out from home loans into all kinds of exotic "investments."

Imagine being invited to gamble with someone else's money, while being assured that it didn't matter to them if you lost it because they would always get it back. That is what happened in the savings and loan industry.

It is important to note that there are a number of prudent S&Ls that did not abuse their deregulation. They are still in business and thriving.

But there were also a lot of eagle-eyed folks in the business who did zero in on that opportunity. And gamble they did.

Some, in places like Texas, were caught by bad economies. Others in boom states like California and Florida were trapped by their own mismanagement or corruption.

The fruit of S&L deregulation-with-insurance was vividly illustrated in 1988, as regulators closed or merged 222 insolvent thrifts. That is about half of the 500 institutions listed on the insolvent list at the year's start.

The drama will continue this year as Congress, which is also very much at fault in this fiasco, begins investigating how the barn door should have been locked—now that the horses have long strayed from the farm.

"We'll be looking at everything from high-flying investments in windmill farms to the use of 'hot-money' to the ability of the regulatory agencies to make hard-nosed decisions in a timely fashion," said the new chairman of the House Banking Committee.

Yes. Yes. Good old Congress always ready to posture gravely in front of a disaster it helped to create.

But what is at stake here, in addition to the billions it is going to cost taxpayers to clean up this mess, is a deeper question of the survival of the savings and loan industry.

S&Ls should survive. And they should survive with the federal deposit insurance that helped make them the haven for small investors and individual homeowners that brought home ownership to the average American.

And that means some kind of stringent federal regulation for the savings and loan industry.

Ronald Reagan rides off into the sunset still believing all of his cliches and apparently still oblivious to the fiscal disasters that his less-idealistic followers have inflicted on the rest of us.

From the oil and timber barons who have been encouraged to plunder our public lands, to the piracy in our savings and loans, to the ripoffs by military contractors, to the leveraged, junk bond savaging of some of our most prudently managed corporations, the 80's have been a time of massive fiscal foolishness.

Perhaps the final irony of all is that this era of freebooters folly, most vividly illustrated in the plight of our S&Ls, still enjoys the misnomer of "conservative."

There was nothing conservative about the S&L deregulation. It was gambling against common sense. And guess what fellow taxpayers? You lost.

[From the Florida Times-Union, Jan. 15, 1989]

PUT AN END TO THE EXPENSIVE FIASCO IN THE THRIFT INDUSTRY

The horrible mess in the savings and loan industry has to be solved soon, and with a minimum of budgeting trickery.

It is generally agreed that the fiasco is a result of mistakes by the federal government compounded by bigger mistakes, and in some cases outright thievery, by some in the industry.

Congress bears a good share of the blame and one member in particular needs to explain the part he has played: House Speaker Jim Wright, D-Tex.

Wright's interventions and insistence that the burgeoning crisis was merely a short-term economic pinch apparently have helped delay the inevitable and drive up the cost of the crisis.

Savings and loans, or thrifts, have a unique status. They grew up in this century and helped to make reality of the American dream of home ownership, once restricted to those who could save the 25 percent down payment needed to buy a home and were able to make the substantial monthly payments.

By paying 3 percent on deposits and loaning them out at 6 percent to home buyers, thrifts helped many people become homeowners for the first time.

But in the 1970's, soaring interest rates left thrifts saddled with long-term, low-interest loans while paying huge rates on short-term borrowed money.

In 1980, Congress lifted interest caps on deposits. Yet in 1981, thrifts were paying depositors 11 percent while collecting 10 percent on loans.

That year, the thrifts were allowed to go to variable rate mortgages. The next year they were allowed to branch out into business loans and real estate.

Many think Congress erred greatly in its timing. At that point, 75 percent of the thrifts already were unprofitable.

High flyers got into some parts of the business, elbowing aside the conservative money managers of old days. High risk speculation by people who, in many cases, were investing other people's money in a way they never would have invested their own, made the situation worse.

Congress "helped" by raising deposit insurance from $40,000 to $100,000, giving the speculators even more room to wheel and deal.

During the 1980s, 80 percent of all thrift insolvencies involved "wrongdoing," the U.S. House Government Operations Committee found.

The administration was determined to deregulate, and bank examiners were part of the cutback. Those who were left, however, tried to keep the pressure on. Among those feeling pressure were Texas thrift owners, who were seeing real estate prices fall along with oil prices. Wright intervened personally on behalf of one Texan (who was subsequently indicted on fraud charges), Business Week magazine said.

Former Federal Home Loan Bank Board Chairman Edwin J. Gray blames the thrift mess on the ties between "the industry and Congress," the magazine said.

Congress voted a $10.8 billion bailout in 1987, but kept it "off-budget" to avoid budget balancing problems. The next bail-

out may involve the same strategy, The Wall Street Journal said, at an additional cost of billions of dollars.

In 1988, the roof fell in, with a record number of thrifts going belly up, and the taxpayers were stuck with at least $70 billion of the $100 billion tab.

In the meantime, the deposit insurance ran out and the healthy thrifts remaining are now being tapped to help keep the sick ones alive.

Where and when will this all end?

When Congress quits stalling, starts cutting the losses and begins concentrating on protecting depositors. The federal machinery also should be pressing for criminal convictions where indicated, seizing assets, including personal assets of the speculators, and doing whatever else can be done to recoup losses and punish those who brought about this plight.

Wright, who got $240,000 from the thrift industry for his 1986 election campaign, has been a highly visible figure throughout this sorry mess. Further explanation of his role is being sought by the House Ethics Committee.

Already voices are advocating a dismantling of the thrift industry, by letting thrifts convert to or merge with banks.

That may or may not be a wise step, but if taken it would be an ignoble end to an industry most people probably associate with the friendly little business run by Jimmy Stewart in the movie shown frequently at Christmas time, "It's a Wonderful Life."

Congress should base its actions carefully on advice of financial experts. But when it does decide on a course, Congress should act decisively and swiftly to close this expensive chapter in U.S. financial affairs.

[From the Washington Post, Feb. 2, 1989]

S&Ls AND THE SENATORS

Congress is unquestionably going to have to provide public money, and provide it quickly, to pay for the S&L disaster. What about the reforms to ensure that this epidemic of failure and fraud will not be repeated?

When the Senate Banking Committee opened its hearings this week, a difference of opinion emerged. Some senators want to link the cleanup money and the reforms tightly together. Without the urgent need for money driving the legislation, they suspect, very little reform will ever get enacted. But there are also some senators who want to split the two and handle them separately.

The hundreds of insolvent savings and loan institutions continue to run losses that, by most estimates, are in the range of $1 billion a month. Most of these losses will eventually have to be met by the taxpayer. The federal regulators need money urgently to shut down these insolvent S&Ls, pay off the depositors and stop the losses. If the money gets tangled up in complicated reform legislation, the argument goes, it won't be passed until next fall at best. By then the cost of the cleanup, already approaching $100 billion, would be $10 billion higher.

This argument comes mainly from the friends of the S&L industry, which is well aware that reform may—and should-lead to the abolition of a separate S&L industry altogether. The committee's new chairman, Sen. Donald W. Riegle, opened the hearings by asking, among other things, whether there is any longer a need for it. The answer to that one is: no, it's time to fold the surviving S&Ls into the banking system and require them to live under the same rules as banks. But the S&Ls are accustomed to their own regulatory regime, a much looser and more malleable one. The S&Ls' lobbyists are going to fight furiously to keep it.

The S&Ls are now using their own failures as a weapon in their own defense. The effects of their mismanagement, compounded by inept regulation over the years, is now costing the country so much, they shriek, that Congress can't stop to think about causes and remedies. It's just going to have to shovel out the money fast, according to them, and leave the debates over reform to another day.

That would be exactly the wrong way to go. Congress needs to move promptly on reform, and Sen. Riegle promises that the committee will take up no other legislation until this bill is reported. But particularly in view of the enormous sums of public money involved, it would be irresponsible to provide a nickel without first imposing fundamental changes on the system that permitted this fiasco.

RESOLVING THE SAVINGS AND LOAN CRISIS

(Summary of Statement by Charles A. Bowsher, Comptroller General of the United States)

In response to a recent request from the Honorable Donald W. Riegle, Chairman of the Senate Committee on Banking, Housing and Urban Affairs, GAO provided its views on how to resolve problems in the thrift industry.

In Summary: GAO recommended providing sufficient funding to resolve what has become at least an $85 billion problem in FSLIC, the insurance fund that insures thrift industry deposits. However, to be sure that this situation is not repeated, GAO recommended that the system be reformed as a condition for committing federal funds.

Changed Structure and Management of the Deposit Insurance System: Without changes to the structure and management of the deposit insurance system, the federal government faces potentially large losses in insuring deposits. This potential for loss is most evident in FSLIC. To protect the integrity of the deposit insurance system, FSLIC needs to be made independent of the Federal Home Loan Bank Board. Healthy and unhealthy thrifts should be put into separate funds so that tougher deposit insurance rules can fairly and equitably be applied to healthy thrifts right away.

Provide Funding: If reforms are adopted, then a plan should be adopted by the Congress that makes funds available to meet the financing shortfall which we estimate at around $85 billion. This plan should (1) provide for budget authority sufficient to finance case resolutions over the next three years, (2) require a thrift industry capital contribution to create an adequate insurance fund reserve, (3) provide FSLIC with the flexibility to undertake short term liquidity borrowing to meet any deposit outflows that might occur, (4) assure adequate controls over spending to protect the taxpayers' interests, and (5) use an on-budget approach that fully discloses the funding and outlays that are involved.

Changed Approach to Resolving Problem Institutions: FSLIC's approach to resolving cases depends too heavily on assistance agreements that minimize FSLIC's need for cash but require subsidies for up to 10 years. FSLIC needs money to achieve more flexibility in its approach. Using personnel resources from other federal agencies, FSLIC should take control of all insolvent institutions over the next year thereby curtailing the ability of these institutions to adversely affect healthy thrifts. FSLIC should then seek to resolve cases at the lowest cost to the government while minimizing adverse competitive impacts on healthy thrifts.

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE: We are pleased to appear today to discuss problems in the thrift industry. My testimony is based principally on a report we are preparing for the House Banking Committee. I will also discuss work we have begun on your request to examine aspects of transactions entered into by the Federal Home Loan Bank Board (FHLBB) in December 1988.

I hope we are finally reaching a point where a comprehensive approach can be taken to dealing with the issues associated with the insolvency of the Federal Savings and Loan Insurance Corporation (FSLIC). We estimate that to fully pay for insurance losses and to put FSLIC back on a solid financial footing it will cost at least $85 billion more than FSLIC currently anticipates receiving in revenue over the next 10 years. Delay will only increase this cost. Delay will also—

Perpetuate the tendency of weakly capitalized and insolvent institutions to squander our nation's wealth on questionable economic endeavors at no significant risk to their owners,

Weaken our financial system because healthy depository institutions must match the high rates of interest on deposits paid by weak and insolvent thrifts,

Weaken the regulatory process by creating pressure for lower regulatory standards across the depository institutions industry, and

Perpetuate the situation in which the actions FSLIC does take will likely be merger agreements that avoid short run cash needs rather than minimize the federal government's costs in resolving cases.

Without question, federal financing will be needed to resolve the thrift industry situation. However, if we want to be as certain as we can that a FSLIC situation is not repeated, we must be concerned as well with changing the structure of the deposit insurance system. It would be a mistake to commit federal funds without adopting key reforms.

The remaining parts of my testimony discuss structural reforms, funding requirements, and the need for changes in the way problem cases are resolved.

STRUCTURAL CHANGES

The 1980s have been a turbulent period for our nation's depository institutions. Changes in the financial landscape resulting from market developments and legislated deregulation have drastically altered the way that depository institutions operate. These changes have many positive aspects, but combined with changes in the economy and in a breakdown in the regulatory system they have also resulted in new risks and a rash of thrift failures.

In light of these developments, we need to look critically at how the deposit insurance system functions. Our current system provides many benefits to the public that should be preserved. However, the risks to the government inherent in insuring about $2.5 trillion in bank and thrift deposits can be very great. By far, the most serious insurance problems now are in the thrift industry.

To effectively manage deposit insurance risks it is necessary to (1) have sufficient funds to pay for losses, otherwise the credibility of the insurer taking appropriate

action is damaged; (2) ensure that levels of capital in institutions are sufficient to absorb reasonably anticipated losses; and (3) have an effective system of oversight and supervision to quickly identify problems, remedy them if possible, and close institutions at the point of their insolvency.

To accomplish these goals two key issues involving FSLIC must be addressed. First, is the problem of FSLIC's lack of independence. Presently, FSLIC operates under the direction of the Federal Home Loan Bank Board which both promotes and regulates the industry. The industry itself is overseen and supervised by the Federal Home Loan District Banks, which, in turn, are owned by each District Bank's constituent institutions. In our view, the Federal Home Loan Bank System's rule as an industry promoter has been accorded more importance than FSLIC's risk management and insurance function.

The second issue is how to best reorganize thrift industry oversight and supervision. This will be exceedingly difficult as long as insolvent and thinly capitalized institutions are allowed to compete with healthy institutions. An equitable way must be found to isolate problem cases so that we can "turn the corner" toward more effective oversight, supervision and enforcement of more rigorous rules for the rest of the industry.

To deal with these two issues, we recommend the following:

FSLIC should be made independent of the Federal Home Loan Bank Board, and established with a separate board of directors and adequate supervisory capability over both state and federally chartered thrifts. An independent FSLIC should oversee two separate insurance funds—one fund for healthy thrift institutions ("good companies") and another fund for insolvent or thinly capitalized thrifts that would be severely curtailed in their ability to compete with the rest of the depository institutions industry.

More flexibility should be given to both FDIC and FSLIC to adjust premiums to reflect actual or reasonably anticipated losses.

More authority should be given to both FDIC and FSLIC to place stringent controls on improperly operated and undercapitalized institutions.

Greater consistency between banks and thrifts should be established in matters pertaining to powers and operations that materially affect the deposit insurers' exposure to risk.

Capital adequacy requirements should be strengthened, and the quality of supervision and oversight must be improved through an increase in the personnel and other resources of the deposit insurance funds.

These and more specific recommendations will be detailed in our final report to be issued later this month to the House Banking Committee. The reforms and funding arrangements we recommend should help accomplish the goal of developing an appropriate regulatory structure for depository institutions. FSLIC's financial problems have to be solved. The deposit insurance agencies need to have greater powers over the terms and conditions for insuring both federal and state chartered institutions. A higher degree of comparability is needed between banks and thrifts in matters that materially affect deposit insurance risk. After these reforms are enacted, it will be easier to consider what other changes need to be made to the federal regulatory structure.

For example, as part of the reform package, we recommend allowing qualified thrifts to choose between remaining in the reorganized FSLIC or switching to FDIC should help Congress in making future regulatory decisions. Business decisions made by individual healthy thrifts will provide useful information about the value of thirft charters and the need for a separately identified thrift industry.

FUNDING TO FULLY RESOLVE PROBLEMS MUST BE PROVIDED

Insolvent institutions cannot be effectively resolved unless enough money is available. Unfortunately, deciding precisely how much money will be needed and who should pay will be difficult.

As I indicated at the outset, our best judgment at this time is that it will cost FSLIC at least $85 billion more than it currently anticipates receiving over the next 10 years to deal with the problem. Of this amount, $26 billion represents FSLIC's unfunded cost of paying for actions taken in 1988 and $34 billion represents the future cost of acting on the approximately 350 remaining insolvent cases. In addition, $5 billion represents the cost of resolving cases not presently identified as problems, and $20 billion is needed to establish adequate reserves. However, given the fluid nature of the situation and the fact that we haven't analyzed all of the actions taken in 1988, I want to stress that these number are only estimates.

We believe the thrift industry should pay as much of the shortfall as possible. However, the industry is currently paying premium assessments that are more than two times higher than those paid by the banking industry. Many believe that indefinite continuation of the special assessment will weaken healthy thrifts and thereby prove self defeating.

Under the best of circumstances, it is not likely that the thrift industry can contribute much more to the funding shortfall. Although we think the healthy segment of the industry should be charged with recapitalizing the insurance arrangements that apply to them, the bulk of the money will have to be found elsewhere. Judgments as to who can pay how much must be made based on what is perceived to be fair. If contributions are not sought from other segments of the depository institutions industry, then the shortfall will have to be made by the federal government.

If the changes to risk management and case resolution approaches that I have described are made, then we recommend that a plan be adopted by Congress that makes available the funds needed to meet the shortfall. This plan should:

Provide for budget authority sufficient to finance case resolutions, which we believe can be completed over the next 3 years,

Assure adequate controls over spending to protect the taxpayers' interests, such as by creating a control board, and

Provide FSLIC with flexibility to undertake short-term liquidity borrowing to finance any deposit outflows that might occur while efforts are being made to determine resolution approaches for institutions placed in receivership.

To the extent that federal money is used, we recommend an on-budget approach that fully discloses the funding and outlays that are involved, even if this requires raising the Gramm-Rudman-Hollings deficit reduction targets. We also think that a restructured federal budget along the lines we have proposed elsewhere would better highlight the financing of FSLIC and similar enterprises that are set up to operate a business type cycle of operations.

A DIFFERENT APPROACH TO RESOLVING INSOLVENT INSTITUTIONS IS NEEDED

At the beginning of 1988 there are roughly 500 insolvent savings and loans with assets of about $140 billion. During 1988, the Federal Home Loan Bank Board began resolving these cases. The Bank Board acted on some 222 institutions, with most of the activity concentrated in the latter part of the year.

The willingness of the Bank Board to begin reducing its problem thrift caseload represents a much needed break from the practices of the past. But, we have serious reservations about the way the Bank Board proceeded.

In recent years the Federal government has been involved in several financial rescues. In 1984 we issued a report, based on the government's experience with Chrysler, New York City, and several other situations, about how such efforts should be structured.[1] This past experience underscores the importance of developing an adequate plan for financing, implementing, and overseeing these types of situations.

The Bank Board's actions have not been consistent with such an approach. The Bank Board has relied extensively on FSLIC assisted merger agreements that extend for up to 10 years. The notes and guarantees in these agreements provide a mechanism for coping with FSLIC's lack of funds and its lack of information on the financial condition of many of its insolvent institutions. Chart I summarizes the generic components of the deals.

As I noted earlier, at your request we are studying FSLIC's December 1988 transactions. We have not yet obtained all of the information we need and therefore are not in a position to comment in detail. However, we do have concerns about the nature of these agreements. These are summarized in Chart II.

Ownership capital contributed by private investors has been minimal, and large and thinly capitalized institutions are being created. If history is prologue, inadequate capital creates incentives for highly leveraged institutions to engage in unsafe and unsound management practices. These new institutions may, therefore, pose risks to FSLIC in the future. Should they become insolvent, FSLIC may find it even more difficult to fully resolve their situations because of their larger size.

The institutions resulting from the assisted mergers are heavily subsidized by FSLIC, and are competing with healthy nonassisted depository institutions at a cost advantage.

FSLIC provides capital loss indemnification and an operating subsidy on assets that appear to make it profitable to simply hold them. We therefore question the strength of the new institutions' incentives to actively manage and generate recoveries on those assets.

FSLIC faces a huge task in effectively administering these complex agreements.

Finally, it is questionable whether many of these mergers really save the government money compared to other options that would be possible if FSLIC had the money to resolve cases.

Another approach is needed that fully resolves insolvent institutions with no lingering adverse competitive effects on healthy

[1] *Guidelines for Rescuing Large Failing Firms and Municipalities* (GAO/GGD-84-34, dated March 29, 1984).

thrifts or threats to FSLIC's finances. We recommend that:

FSLIC promptly take control of all insolvent institutions. These institutions should be placed in receivership whenever necessary until a decision can be made to liquidate or merge them based on a careful assessment of their asset portfolios, and the comparative cost of each resolution option. Of fundamental importance, these institutions must be effectively isolated from the rest of the depository institutions industry to prevent them from competing with healthy institutions. Their operations must be limited to investing in high grade securities, managing bad assets on their books, and accepting deposits at prevailing market rates.

To accomplish this action, the assistance of state and federal regulators and insurance officials should be enlisted to quickly help assess the quality of assets in these institutions and make the necessary resolution decisions.

Arrangements should be made with FDIC for asset management and liquidation services until FSLIC can develop the requisite capability. FSLIC does not possess the infrastructure needed to manage the timely, cost effective resolution of all insolvent thrifts.

It is imperative that Congress reach an agreement about the FSLIC strategy as soon as possible. As things now stand, more of these merger agreements can be expected unless Congress acts to change FSLIC's strategy, reform the system, and provide the needed funds.

I recognize that within the outlines of the actions I have suggested, there are many specific arrangements that need to be worked out. We are prepared to provide whatever assistance this Committee and others deem necessary in developing the detailed plans for putting the thrift industry crisis behind us.

That concludes my prepared statement. My colleagues and I will be pleased to answer questions.

CHART I—GAO TYPICAL DECEMBER 1988 DEAL

Note for negative net worth.
Guaranteed return on assets.
Guaranteed book value of assets.
Reimbursed certain expenses.
Waived regulation compliance.
Tax benefits.
Equity position in S&L.

CHART II—GAO CONCERNS ABOUT DEALS

Creates new thrifts that are:
Thinly capitalized.
Have cost advantage over healthy S&L's.
Lack incentives to manage assets.
May cost more than liquidation.
Will require huge monitoring job because of complexity.

TEXT OF REORGANIZATION PLAN NO. 2 OF 1956

(Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled, May 17, 1956, pursuant to the provisions of the Reorganization Act of 1949, approved June 20, 1949, as amended)

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

Section 1. Board of trustees.—(a) There is hereby established the board of trustees of the Federal Savings and Loan Insurance Corporation (hereinafter referred to as the board of trustees).

(b) The board of trustees shall be composed of three members as follows: (1) two members, each of whom shall be appointed by the President by and with the advice and consent of the Senate and receive compensation at the rate now or hereafter prescribed by law for the chairman of the Federal Home Loan Bank Board, and (2) the chairman of the Federal Home Loan Bank Board, ex officio. The President shall from time to time designate to be the chairman of the board of trustees one of the appointive members thereof.

Sec. 2. Transfer of functions.—(a) There are hereby transferred to the board of trustees all functions of the Federal Home Loan Bank Board, including all functions of the chairman thereof, with respect to directing and operating the Federal Savings and Loan Insurance Corporation (hereinafter referred to as the Corporation) and with respect to the appointment and the fixing of compensation of officers, employees, attorneys, and agents of the Corporation.

(b) Except as transferred by the provisions of section 2(a) of this reorganization plan, and exclusive of the function of granting approval required under section 406(a) of title IV of the National Housing Act, as amended (12 U.S.C. 1729(a)), which function of approval shall remain with the Federal Home Loan Bank Board, all functions of that Board provided for in the said title IV, including all functions of any member or agent of that Board so provided for, and all other functions vested in or performed by that Board by reason of its responsibility to or for the Corporation, are hereby transferred to the Corporation.

Sec. 3. Status of the Corporation; authority of the President.—(a) The Corporation, including the board of trustees, shall hereafter be separate from and, except as provided in section 2(b) of this reorganization plan in regard to approval required under section 406(a) of title IV of the National Housing Act, as amended independent of the Federal Home Loan Bank Board; but nothing herein shall preclude the Corporation or the Federal Home Loan Bank Board, in respect of their respective functions after the provisions of this reorganization plan take effect, from utilizing the information, services, and facilities of the other under interagency arrangements authorized or permitted by law.

(b) The Corporation, including the board of trustees and all matters under the jurisdiction of the board of trustees, shall be subject to the direction and control of the President of the United States.

Sec. 4. Incidental transfers.—(a) All assets, liabilities, contracts, commitments, property, records, personnel, and unexpended balances of appropriations, allocations, and other funds (including authorizations and allocations for administrative expenses), available or to be made available, of the Corporation shall remain with the Corporation.

(b) So much of the assets, liabilities, contracts, commitments, property, records, personnel, and unexpended balances of appropriations, allocations, and other funds (including authorizations and allocations for administrative expenses), available or to be made available, of the Federal Home Loan Bank Board as the Director of the Bureau of the Budget shall determine to relate primarily to the Corporation or to its functions (including the functions vested in the Corporation by statute, the functions transferred to the Corporation by the provisions of this reorganization plan, and the functions transferred to the board of trustees by the provisions of this reorganization plan) shall be transferred from the Federal Home Loan Bank Board to the Corporation at such time or times as the said Director shall direct.

(c) Such further measures and dispositions as the Director of the Bureau of the Budget shall determine to be necessary in order to effectuate the transfers provided for in this section shall be carried out in such manner as the Director shall direct and by such agencies as he shall designate.

Sec. 5. EFFECTIVE DATE.—The provisions of sections 2, 3, and 4 of this reorganization plan shall take effect on the first day following the day on which the second of the two appointive members of the board of trustees first appointed under this reorganization plan enters upon office as such member.

REORGANIZATION PLAN NO. 2 OF 1956 (FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION)

HEARING BEFORE A SUBCOMMITTEE OF THE U.S. CONGRESS HOUSE COMMITTEE ON GOVERNMENT OPERATIONS, HOUSE OF REPRESENTATIVES, EIGHTY-FOURTH CONGRESS, SECOND SESSION ON H. RES. 541, JUNE 26, 1956

GENERAL ACCOUNTING OFFICE AUDIT REPORTS CONTAINING RECOMMENDATION CONCERNING SEPARATION OF THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION FROM THE FEDERAL HOME LOAN BANK BOARD

Fiscal year	Report on audit of—	Page	H. Doc. No.	Cong.
1945–46	Federal Savings and Loan Insurance Corporation.	4	660	80th
1945–46	Federal Home Loan Bank Administration and the Federal home-loan banks.	9	706	80th
1947	Federal Savings and Loan Insurance Corporation.	4	153	81st
1947	Federal Home Loan Bank Administration and the Federal home-loan banks.	7	209	81st
1948	Federal Savings and Loan Insurance Corporation.	4	251	81st
1948	Federal home-loan banks and Home Loan Bank Board.	31	343	81st
1949	Federal Savings and Loan Insurance Corporation.	8	467	81st

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LOWER CAPITAL GAINS RATE WILL GAIN REVENUE

Mr. KASTEN. Madam President, President Bush's proposal to reduce the capital gains tax will—once again—spark the debate over capital gains and tax revenues. This debate is becoming as predictable as the annual return of the seasons. We have been through the same debate year in, year out—and some people continue to refuse to learn from American economic history. One year ago, 2 years ago, and even as far back as 1978, we have heard the very same argument against reducing the capital gains tax: That it would somehow lose precious tax revenues for the Federal Government.

Skeptics said about the 1978 capital gains tax cut that it would do little for investment and do much to erode tax revenues. I remember then-Treasury Secretary Michael Blumenthal asserting that the proposed capital gains rate reduction from 50 to 28 percent

would cost the Treasury over $2 billion in revenue. He said, "The measure would do little for capital formation and would waste revenues."

Secretary Blumenthal objected. But in Congress, cooler economic heads prevailed—and the House and Senate agreed with my distinguished Wisconsin colleague, the late Congressman Bill Steiger, that it was time to cut the capital gains tax.

That was a cut in the tax on capital gains. Well, what happened? Did revenues go down? We've been through this time, and time, and time again—and you can go through the facts on this until everyone is blue in the face, but people just don't listen.

The fact is, taxes paid on capital gains increased from $9.1 billion in 1978 to $11.7 billion in 1979, and to $12.5 billion in 1980. In 1981, we cut the top rate on capital gains even further to 20 percent, and capital gains tax revenues rose to $12.7 billion in 1981, $12.9 billion in 1982, $18.5 billion in 1983, $21.5 billion in 1984 and $24.5 billion in 1985. Tax revenues to the Treasury were 184 percent higher in 1985 than in 1978.

These are all IRS figures. Nobody denies them. But a lot of people insist on ignoring them—and persist in making statements about revenues that are contrary to fact.

Mr. President, allow me to quote from last week's Washington Post editorial on capital gains. "* * * revenues would certainly drop. Taken all together, over a period of several years, the effect on revenues would be zero at best and possibly a substantial loss." Does this sound familiar? It should—it's the same old discredited nonsense we've been hearing year in, year out since 1978.

Mr. President, this blithe disregard for the facts—a disregard which is no doubt ideologically motivated—does nothing to expand public understanding of this issue. I would like to take this opportunity to explain to my colleagues once again why lower capital gains rates lead to higher tax revenues.

This revenue windfall will come from three sources. First, because the tax cost of selling equities will be cut in half, lower capital gains rates will lead to greater realizations by stockholders. These greater realizations will lead to permanently higher receipts from the capital gains tax.

As the historical record shows, capital gains taxes paid continued to climb several years after the tax rate cuts of 1978 and 1981. Many econometric studies of capital gains rates and revenues have quantified this potential realization effect. Harvard Prof. Lawrence Lindsey estimates that a flat 15-percent capital gains rate would increase capital gains taxes paid by $31 billion over 3 years.

Second, a lower capital gains tax rate increases the value of stocks. Taxing capital gains at a high rate reduces the potential return on investment—and this future return translates into a lower price for the stock today. Conversely, a lower capital gains rate will increase stock prices, giving the Government more gains to tax.

Third, and most important, a lower capital gains rate will raise GNP. Even the Congressional Budget Office admits that "lower rates on gains could increase savings and capital formation and channel more resources into venture capital." What CBO failed to recognize, however, is that this increased capital formations means that the entire tax base will grow even faster—resulting in an even greater increase in overall revenues to the Federal Government.

Most studies and available statistics on the revenue impact of the 1978 and 1981 tax cuts have focused solely on the realization effect and the subsequent increase in capital gains taxes paid. In doing so, they have neglected other important sources of revenue growth—and have, therefore, underestimated the potential revenue gains.

This week, President Bush will propose a cut in the capital gains tax as part of this fiscal 1990 budget plan. The administration will estimate that this proposal will have no revenue effect, or would raise revenue. The opponents of the proposal will once again charge that the tax rate cut will lose billions in tax revenue over the long run.

I am today calling upon the administration to clear the air—to tell the truth, the whole truth on this issue. The President's budget message must make it clear that revenues will rise as a result of this proposal. These revenues will result from increased realizations, and also from the increase in the value of current assets, and the increase in the rate of GNP growth. If Treasury cannot provide a complete, dynamic estimate now, they should promise that one will be furnished in the near future. More than anything else, the resolution of the revenue question will provide a major spark to the capital gains reform movement.

Mr. President, I believe that we can achieve a bipartisan consensus on capital gains this year—just as we did in 1978 and in 1981. Last week, I introduced a capital gains reform bill, S. 171, which would provide a capital gains tax cut for the sale of corporate stock. My bill would also partially index all capital assets for inflation.

In my discussions with administration officials, I have found all concerned to be receptive to my new approach on capital gains. In the 7th year of our recovery, when the odds of continued growth appear to be against us, it is more essential than ever that we do what we can to promote continued economic expansion.

That means we have to come up with a bipartisan, progrowth, projobs, capital gains reform bill. My bill is an olive branch to all sides of this debate—and a call to unity on the goals of American jobs, competitiveness and productivity.

Mr. President, now more than ever, we must focus on these economic goals. Because of the high capital gains rate, individuals have no incentive to assume the extra risk associated with investment in growth stocks.

As a result, entrepreneurs are finding it more difficult to secure investment funds from private sources. This shortage of startup capital today threatens to rob our economy of innovations, productivity gains, and job opportunities in the future.

Without startup capital, many of today's dynamic, young companies—such as Apple Computers, Federal Express, and Cray Research which is an important employer in my State of Wisconsin—never would have made it from the blackboard to the marketplace.

Other countries recognize the benefits of encouraging long-term investment—in fact, many do not tax capital gains at all. Their commitment to long-term investment has created new technologies and new innovations—and better products. We buy their products. They take our money. And U.S. jobs move overseas.

Madam President, I ask unanimous consent that a table comparing the taxation of capital gains in the United States with our European and Asian competitors be printed in the RECORD.

There being no objection, the material was ordered to be printed in the Record, as follows:

CAPITAL GAINS RATES AND THE ASSOCIATED REVENUE

[In billions of dollars]

Year	Revenue	Tax rate (percent)
1968	$5.9	26.9
1969	5.3	27.5
1970	3.2	32.2
1971	4.4	34.4
1972	5.7	45.5
1973	5.4	45.5
1974	4.3	45.5
1975	4.5	45.5
1976	6.6	49.125
1977	8.1	49.125
1978	9.1	49.125
1979	11.7	28
1980	12.5	28
1981	12.7	28
1982	12.9	20
1983	18.5	20
1984	21.5	20
1985	24.5	20
1986	46.4	20

Source: Research Paper No. 8801, U.S. Treasury Department.

COMPARISON OF U.S. TAXATION OF CAPITAL GAINS WITH SOME OF OUR EUROPEAN AND ASIAN COMPETITORS

Country	Percent [2]
United Kingdom	40
United States	33
Sweden	18
Canada	17.51
France	16
West Germany	0
Belgium	0
Italy	0
Netherlands	0
Hong Kong	0
Singapore	0
South Korea	0
Taiwan	0
Malaysia	0
Japan	([1])

[1] No capital gains tax until Mar. 3, 1989 (except for substantial trading or substantial shareholders). After Mar. 3, 1989 shareholder has a choice of a 20 percent national and a 6 percent local tax on net gain at the time of filing, or 1 percent of sales proceeds withheld at source (this option is available only on shares listed for at least 1 year).

[2] Maximum long-term capital gains tax rates.

Source: Arthur Anderson and Co., April 1987.

Mr. KASTEN. Cutting the capital gains tax rate would keep jobs in my State of Wisconsin and in America. More importantly, it would create millions of new jobs for the future.

Madam President, I ask unanimous consent that a new study by A.B. Laffer Associates on the negative impact of the high capital gains rate on small, high-growth stocks be printed in the RECORD.

There being no objection, the study was ordered to be printed in the RECORD, as follows:

INVESTMENT OBSERVATION: THE REVENGE OF THE LARGE CAP STOCKS

(By Victor A. Canto)

The January relation between stock market performance and capitalization (the January Effect) was reversed in 1989 (Table 1). The S&P 500 increased 7.1 percent while the small cap portfolio increased 6.99 percent.[1] Although only 11 basis points, the differential performance indicates that the stock of large capitalization companies outperformed the small capitalization stocks during the month of January for the first time since 1963.[2] Refining the small cap portfolio to exclude companies located in states with rising tax burdens would have improved the performance of the strategy. The group of stocks located in states with rising tax burdens appreciated only 6.17 percent. The remaining small cap stocks increased 7.11 percent, suggesting that the "state competitive environment" may enhance the small cap strategy.[3]

TABLE 1.—*Small Capitalization and State Competitive Environment Stock Price Performance*

	Percent
S&P 500	7.10
Small cap stocks	6.99
Small caps located in states with rising tax burdens	6.67
Small caps located in states not increasing tax burdens	7.11

Annually, since 1963, small cap stocks have outperformed large cap stocks and the market with the exception of two periods: During 1969–74, except for 1971, as well as during the Reagan years when the tax rate reductions were in place (1983–88). A common characteristic of these two periods is a change in differential taxation between ordinary income and capital gains income.

During the 1969–74 period, the maximum effective tax rate on capital gains was raised to approximately 50 percent from 25 percent. This increase in the tax rate was likely to be of great importance to many investors in small cap, non-dividend-paying stocks. Bracket creep increased the economy's overall marginal tax rates, resulting in a real stock market decline. The above-average increase in capital gains effective tax rates resulted in an underperformance by small cap stocks.

During the Reagan years, individual and corporate marginal tax rates were reduced substantially. The capital gains tax rate remained unchanged until the end of Reagan's second term when it was increased to 28 percent from 20 percent. The reduction in overall tax rates and unchanged capital gains tax rates favored larger capitalization stocks that rely less on capital gains and more on dividends. Not surprisingly, the reduction of tax rates resulted in an expanding overall market that benefited all stocks with the larger capitalization stocks benefiting disproportionately.

These two episodes suggest that small caps underperform when the differential tax rates on capital gains increase relative to tax rates on ordinary income. Whether the overall market and the small cap stocks will increase or decrease in absolute terms depends on the changes in the economy-wide marginal tax rate.[4]

President Bush's campaign pledges of no new taxes and to reduce the capital gains tax rate are favorable to the stock market in general and to the smaller capitalization stocks in particular. Yet, surprisingly, the small caps underperformed in January.

The stock market rally suggests that the market believes in the President's pledge of no tax rate increases and that his proposals will, in fact, lower the overall marginal tax rate for the economy. However, the underperformance of the small caps suggests that the new president will not be able to reduce the taxation of capital gains versus ordinary income. In fact, our interpretation of the small cap's relative performance suggests that the marginal tax rate on capital gains will increase.

While we believe President Bush intends to carry out his campaign promises, this will be partially offset by policy variables beyond his control. For example, personal income tax rates are indexed for inflation while the capital gains tax rate is not. Therefore, a rise in the inflation rate would increase the effective capital gain tax rate while leaving unchanged the remaining personal income tax rate.[5] Bracket creep on capital gains would have a disproportionate effect on small cap stocks, while the inflation impact on large capitalization stock would be substantially less pronounced. Therefore, bracket creep could result in an underperformance of the small cap stocks.

Analysts point out that gold prices are substantially lower than a year ago, the dollar is stronger, and inflation appears to be under control (Table 2). However, nonmonetary explanations are readily available that explain movement in gold prices and exchange rates. One of President Reagan's legacies is that peace is breaking out worldwide. If gold prices are indeed related to political uncertainty, the increase in world peace will clearly result in a reduction in gold prices.

The rise in the dollar may be partly explained by terms of trade effects.[6] Evidence in support of this view is the fact that interest rate differentials between the Swiss franc and the dollar are not much different today than on January 31, 1988 (Table 2).

Comparing stock market performance during January 1988 and 1989 provides additional supporting evidence. During January 1988, industries benefiting from a stronger dollar (non-traded sector industries) appreciated 5.9 percent while the industries benefiting from a weaker dollar (traded sector industries) advanced only 2.6 percent (Table 3). The relative performance of these industry groups was consistent with the then-appreciating dollar (Table 2).

TABLE 2.—INFLATION INDICATORS, THEN AND NOW

	Dec. 30, 1987	Jan. 31, 1988	Dec. 31, 1988	Jan. 31, 1989
3-month T-bill (percent) [1]	5.67	5.64	8.10	8.33
30-year T-bond (percent) [1]	8.95	8.42	9.00	8.76
Swiss franc per dollar	1.27	1.36	1.50	1.60
U.S./Swiss interest rate differential (percent)	5.07	4.69	4.85	4.62
Gold	$484.10	$458.00	$410.15	$394.00

[1] January 1989 data are preliminary.

TABLE 3.—SECTORAL PERFORMANCE IN TWO JANUARIES, 1988 AND 1989

[In percent]

	January 1988	January 1989
Dow Jones Industrial Average	1.0	8.0
S&P 500	4.0	7.1
Investor's daily	4.7	5.6
Falling interest rate	5.5	5.3
Rising interest rate	2.3	6.4
Non-traded/rising dollar	5.9	5.7
Traded/falling dollar	2.6	5.8
High-CATS	4.7	5.4
Low-CATS	3.6	6.2

During January 1988, the falling interest rate group outperformed the rising interest rate group 5.5 percent versus 2.3 percent. The relative performance of these industry groups was consistent with the then-declining interest rates. In short, the industries benefiting from a stronger dollar and low inflation, the High-CATS groups, outperformed the industries benefiting from a weaker dollar and higher inflation, Low-CATS groups 4.7 percent versus 3.6 percent. The overall relative performance of the various industry groups during 1988 was consistent with the behavior of the exchange rate and inflation rate.

Much like January 1988, during January 1989: Gold prices declined, 30-year Treasury bond yields declined, the dollar appreciated against the Swiss franc, and the differential between U.S. and Swiss long-term interest rates declined.

In spite of the similar behavior of these inflation indicators during the two Januaries, the relative performance of the different groups has been reversed during January 1989:

Large caps outperformed smaller capitalization stocks (Table 3);

Industry groups benefiting from rising interest rates outperformed stocks benefiting from falling interest rates 6.4 percent versus 5.3 percent;

Industries benefiting from a weaker dollar (traded sector industries) slightly outperformed industries benefiting from a stronger dollar (non-traded sector industries) 5.8 percent versus 5.7 percent;

Industry groups benefiting from high interest rates and a weaker dollar (Low-CATS) outperformed industries benefiting

from low interest rates and a stronger dollar 6.2 percent versus 5.4 percent.

All this differential performance suggests that the sectoral performance is not in agreement with the interpretation that inflation is under control. Thus, one of two things must happen:

(1) If the consensus forecast that inflation is under control is correct, then the sector differential performance will reverse, and buying opportunities exist. Portfolio managers should buy industry groups currently underperforming the market (those which benefit from falling interest rates and a stronger dollar) and lengthen the duration of their bond portfolios;

(2) If the forecast implicit in the January 1989 sectoral performance is correct, inflation and interest rates will increase, and a defensive posture may be recommended. In this case, portfolio managers should buy industry groups which benefit from rising interest rates and a weaker dollar. Reduction of the duration of bond portfolios is in order.

In addition to the possible explanation for the decline in gold prices and appreciation of the dollar, there is additional disturbing information. Short-term interest rates have risen during January 1989. Both short- and long-term rates are higher now than they were a year ago. If the temporary increase in real rates brought about by tax reform is winding down, then it is hard to argue the higher nominal rate is due to an increase in U.S. real rates. This leaves inflation expectations as a possible explanation.

A final disturbing piece of information is the relation between excess base money and 30-year T-bonds (Figure 1). During January, the rate of growth of the base has increased relative to MI growth. If these trends persist, the historical relation is expected to hold true, and interest rates will increase.[7]

FOOTNOTES

[1] A listing of the small cap stocks is reported in V.A. Canto, "The Small Cap and State Competitive Environment: 1988-89 Update," A.B. Laffer Associates, December 15, 1988.

[2] Mark Reinganum, "The January Effect," A.B. Laffer Associates, November 17, 1982; Truman A. Clark, "Are Small Cap Stocks Still Alive?," A.B. Laffer Associates, October 31, 1985.

[3] Victor A. Canto and Arthur B. Laffer, "A Not-So-Odd Couple: Small-Cap Stocks and the State Competitive Environment," A.B. Laffer Associates, June 24, 1988.

[4] The incentive effects of the proposals the Bush Administration is likely to make during the coming weeks are hard to determine since they take the form of targeted incentives. However, as long as tax rates do not increase, the effect of targeted incentives will reduce the economy's overall marginal tax rate, thereby resulting in an expanding market. For a discussion of the basic economic framework of the Bush team and likely proposals, see Arthur B. Laffer, "No Greater Love," A.B. Laffer Associates, January 27, 1989.

[5] Victor A. Canto and Harvey Hirschhorn, "Fifteen Percent in Fine, But Indexing is Divine," A.B. Laffer Associates, November 29, 1988.

[6] Victor A. Canto, "Tax Rate Reductions and Real Exchange Rates," A.B. Laffer Associates, August 30, 1988.

[7] Victor A. Canto and Arthur B. Laffer, "Excess Base Growth and Interest Rates," A.B. Laffer Associates, February 25, 1988.

Mr. NICKLES. Will the Senator yield?

Mr. KASTEN. I am happy to yield to the Senator from Oklahoma.

Mr. NICKLES. I compliment my friend, the Senator from Wisconsin, for his leadership in trying to reduce capital gains. I think the Senator's message is very clear. He is trying to create jobs. He has been a leader in this field for some time and I compliment him for his efforts.

Mr. KASTEN. I thank the Senator very much.

Mr. McCLURE. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CHAFEE. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

The PRESIDING OFFICER (Mr. CONRAD). Without objection, it is so ordered.

ALCOHOL RELATED INJURY AND MORTALITY

Mr. CHAFEE. Mr. President, I would like to take a moment to share with my colleagues a demonstration alcohol abuse prevention project in Rhode Island that has been effectively addressing one of our Nation's most serious challenges: How to prevent alcohol related injuries and fatalities, particularly those caused by drinking and driving.

The costs of alcohol abuse are clearly magnified on our roads and highways. When operators of cars, trucks or buses drink and drive, they endanger not only their own lives, but the lives of passengers entrusted to their care, other motorists and even innocent bystanders. Too often, we pick up the newspaper and read about the suffering caused by drunk drivers: The tremendous loss of human potential, the promising lives cut short, and the families torn apart by tragedy.

Drunk driving is responsible for the deaths of 23,000 people annually or one person every 22 minutes. Numbers alone, however—even numbers of this magnitude—do not begin to tell the story of the suffering and loss caused by drunk driving every day.

Unfortunately, alcohol abuse often begins in childhood. As early as the fourth grade, almost one-third of 9- and 10-year-olds say they experience peer pressure to drink beer, wine or liquor. The average age of first use of alcohol is about 12 years old. Ninety-two percent of high school seniors have used alcohol. Nearly 5 percent of high school seniors drink on a daily basis. In real figures, almost 7 million of America's teenagers use alcohol on a current basis.

Given these statistics, it is not surprising that alcohol related highway accidents are the No. 1 killer of young people. Each weekend, two out of five high school seniors is involved in heavy drinking. Too young to legally drink in bars, these teenagers often drive to and from parties. Many of them do not understand the potential consequences of drunk driving. They do not think their alcohol consumption could lead to their death or the death of an innocent bystander, until it is too late.

We must reach out to our children and prevent them from falling into the trap of alcohol abuse before they carry their addiction into adulthood and onto the roads. Many States, with Federal support, have initiated effective programs to lower the numbers of teenage and adult drunk drivers.

The alcohol abuse prevention project in Rhode Island includes a wide range of intervention services that involves communities, restaurant servers, and the police. Its success leads me to believe it would also reduce the number of tragic and unnecessary alcohol related injuries and fatalities in other States.

Mr. President, I ask unanimous consent that a detailed summary of the alcohol related injury prevention project in Rhode Island be inserted in the RECORD. I urge my colleagues and other States to take notice and see if this program in whole or in part may be effective for them in their efforts to save lives.

There being no objection, the summary ordered to be printed in the RECORD, as follows:

A COMMUNITY BASED, ALCOHOL RELATED INJURY PREVENTION PROJECT—RHODE ISLAND

INTRODUCTION

The Rhode Island Community Alcohol Abuse Prevention Project began in October, 1984 under a Cooperative Agreement among the Centers for Disease Control, the National Institutes of Alcohol Abuse and Alcoholism, and the Rhode Island Department of Health. The project goal is to develop a mechanism for the surveillance, identification and prevention of alcohol-related injuries at the community level. The project has four main objectives: (1) the measurement of alcohol-related injuries; (2) mobilization of an intervention community; (3) prevention of alcohol-related injuries; and (4) evaluation of the results by comparison of annualized rates measuring outcome changes across time and communities. It is modeled after the Heart Health Projects, one of which is located in Pawtucket, Rhode Island and has been a valuable resource.[1]

Several Rhode Island communities were matched on a range of socio-demographic and alcohol problem indicators. All were geographically separate to present spillover of intervention effects. They were mid-sized (20,000 to 50,000) so the impact of a small budget could be measured. They were institutionally developed, with one or more hospitals, schools, police department, radio stations, and newspapers, sufficient to provide social machinery for the interventions. Three communities were selected for study inclusion planning for two "control" sites and one intervention site.

[1] Carleton RA, Lasater TM, Assaf AR, Lefebvre RC, and McKinlay SM. The Pawtucket Heart Health Program: An experiment in population-based disease prevention. "Rhode Island Medical Journal" 70(12):553-546.

DATA COLLECTION

Support for project goals and access to data were elicited from community leaders in all three communities. Twelve data sets were developed, tested, refined and implemented for 1985 and 1986 in the three communities, before one community was selected as the "intervention" site. Surveillance data are collected by project staff on an ongoing basis for city residents from police arrest and "accident" records, hospital emergency department records and discharge summaries for four hospitals, death certificates and Medical Examiners' records, to document morbidity and mortality outcome changes. Cross-sectional data from alcohol and health surveys of high school students and adult community residents have been gathered at baseline (1985, 1986) to document knowledge, attitude and behavior changes. Two specific alcohol-related health problems—injuries due to motor vehicle crashes and assaults—are targeted for outcome changes because of their high degree of alcohol-relatedness and the involvement of non-drinking third parties in injury events.

In July of 1986, after baseline data collection was well-established, one of the three communities, Woonsocket, was randomly and publicly selected as the intervention site. Random selection was designed to obviate political and scientific bias, to demonstrate fairness, and to maintain the interest of all three sites.

Baseline data analysis suggests that improved reporting of alcohol involvement is needed for accurate and complete identification of alcohol-related problems. To this end, a subjective alcohol report form was introduced by the project into all three police departments. It is completed for all non-DWI arrests based on the arresting officer's assessment of the presence and extent of alcohol involvement. The use of this system has been found to double the proportion of non-DWI arrests reported as alcohol-related from 36% to 62%.

COMMUNITY INTERVENTIONS

An integrated systemic approach to reducing alcohol-related injuries and injury deaths was instituted in Woonsocket. The intervention effort began in January of 1987 and is ongoing. The injury prevention programs are based on the assumption that two community gatekeeper groups—the police and servers of alcoholic beverages—occupy the frontline of injury prevention. Project efforts are aimed at providing resources and enhancing skills to effect positive changes in the knowledge, attitudes, and practices of police officers and servers relative to their legal responsibility to intoxicated citizens/patrons and drunken drivers. Increased enforcement of DWI laws and other liquor laws by police and more responsible sales and service of alcoholic beverages by liquor licensees are expected to reduce the chances of excessive or inappropriate drinking in high risk situations and other high risk behavior of drinkers, which in turn will reduce alcohol-related injuries and deaths.

Four criteria for designing the prevention strategies were:

(1) Strategies focus on the use of alcohol in high risk situations and its abuse in the general population, not on special populations like alcoholics or high school students.

(2) The approach is environmental and structural in that it targets individuals' problem drinking indirectly through the decisions and actions of intermediaries—servers, the police, and social hosts who are in a position to intervene and may be serving as unwitting "enablers" of problem drinking.

(3) Intervention strategies are concurrent and mutually reinforcing rather than being unilateral.

(4) All strategies are consensually developed and acceptable to community opinion leaders to insure community cooperation and ownership.[2 3]

Based on the heart health models, a different name was selected to identify the intervention program as distinct from the umbrella study. The Woonsocket Mayor's Task Force on Alcohol and Drug Abuse participated in selecting the name—SAIVE—Stop Alcohol-Related Injury Through Voluntary Effort—and designing the logo, a red stop sing with SAIVE centered in white. Interventions include licensee and server programs and police enforcement and training programs, as well as cooperative programs with the Mayor's Task Force.

SERVER INTERVENTION

Elements for the server intervention program include: written responsible service policy adoption among owners (licensees); a 5-hour NHTSA-based training program for servers on dram shop liability laws and techniques for identifying intoxicated patrons and refusing service; certification upon completion of the training program; local newspaper and radio publicity on the server program; and city council workshops, featuring training for city councilors on criteria for enforcing local liquor ordinances by the R.I. Liquor Control Administrator. As of 15 April, 1988, 55% of servers employed in the 96 City of Woonsocket licensed establishments, including bars, restaurants, package stores, and private clubs, had been trained by project staff.

Trainers consist of a local alcohol treatment representative and a local server or licensee to provide credibility in both alcohol knowledge and in knowledge of server practices, culture and environments and to insure community ownership. Package store owners drafted a joint policy statement and continue to participate in a responsible sales training program designed to fit their needs.

Server training acceptability increased dramatically in the wake of a single vehicle crash in June of 1987 in which the 20-year-old male driver who had been served at a local bar was killed. A 7-day license suspension was instituted by the City Council, a fine was levied by the district court in a judgment against the owner of the tavern and the server, and a 2 million dollar civil law suit for third party liability has been filed by the mother of the deceased. This circumstance has vividly and unequivocably brought home the potential legal liability of servers and licensees when visibly intoxicated patrons or underaged patrons are served and proceed to injure a third party or to be killed or injured themselves if underaged. Figure 1 shows the increase in servers trained in relation to this incident and its legal aftermath.

POLICE INTERVENTION

Police enforcement and training programs have goals of increasing enforcement of DWI laws, especially at lower BACs (.10 to .15); increasing enforcement of local and state liquor laws; improving knowledge by police officers of dram shop laws and the role of alcohol in police work; and improving reporting of alcohol involvement in non-DWI arrests.

In the early stages of developing the police program, the Police Chief established a police planning group consisting of project staff, the commander of operations, the training officer, the prosecution officer and the night patrol commander. This group meets biweekly. Project-sponsored activities include radar patrols at selected intersections designated as high risk for speeding-related motor vehicle crashes; NHTSA-funded sobriety checkpoints or roadblocks for DWI enforcement; and selective enforcement of dram shop laws in local bars, restaurants and package stores by plain clothes detectives.

It was of critical importance to the success of this intervention effort that the server training program had been widely available and had achieved a high penetration rate before police selective enforcement programs in licensed establishments were initiated. It is important to lead out with a positive, educational approach rather than a regulatory approach in order to develop trust and goodwill in the community. Police patrols, while unpopular with licensees, are necessary to reinforce and support project efforts to increase responsible sales and service of alcohol.

The project provided needed equipment to the police to supplement their increased enforcement activities, including a second breath test machine, an intoxilyzer 5000, and a simulator; checkpoint cones and barrels; passive alcohol sensors as nonevidentiary field breath testers; and a video camrecorder for filming trainings, roadblocks, and patrols. Police training programs have included NHTSA-training in Improved Sobriety Testing (gaze nystagmus); training on the role of alcohol in police work; training on police liability in dealing with intoxicated citizens; training of one officer in on-scene "accident" investigation at Northwestern Traffic Institute, a first for the department; and training in the use of subjective alcohol report forms.

OTHER KEY INTERVENTIONS

A safe rides taxi program began over the holidays in 1987, with project funding for extended taxicab coverage until 2:30 a.m. Friday and Saturday nights. This strategy was inspired by the fact that seven local bars have a 2:00 a.m. closing time (1:00 a.m. is usual), but local taxi coverage previously ended at 1:30 a.m. on weekends. Publicity for the safe rides program included posters distributed to all licensees, pocket-sized calling cards featuring the cab company phone number, and newspaper and radio spots by the mayor and cab manager.

New initiatives for Year 04 of the project include: the presence of a trained alcoholism counselor in a hospital emergency department on weekends from 10-2 a.m. when alcohol-related incidents are most frequent; the use of a consortium approach through the Woonsocket Chamber of Commerce to implement employee assistance policy adoption in local companies; a public education campaign featuring the NHTSA Social Host Responsibility Training program; a safety belt campaign, including a seat belt policy for the city sponsored by the Mayor; technical assistance with the initial formation of a local association of liquor licensees; and the

[2] Holder HD and Blose JO. 1983. Executive Summary: Reduction of community alcohol problems—A community simulation for Wake County, North Carolina, Washington County, Vermont, and Alameda County, California. The Human Ecology Institute, Chapel Hill, N.C.

[3] Holder HD and Wallack L: 1986 Contemporary perspectives for preventing alcohol problems: An empirically derived model "Journal of Public Health Policy": 324-339.

production of a videotape for server training made in local liquor licensed establishments performed by a local amateur theatre group to better mirror the server environment in Woonsocket.

CONCLUSION

Because alcohol involvement in injury is not a reportable condition and because alcohol abuse is potentially stigmatizing and legally problematic, data from existing hospital, police and death records under-report alcohol involvement in injury events. Efforts to increase case finding by improved reporting of alcohol are subject to complicated informed consent requirements for human subjects protection and consequent loss of respondents, biasing study results. As the link between alcohol and injury is more widely documented and as the toll that injuries take in premature mortality, morbidity and social and economic costs is better known, programs aimed at preventing alcohol-related injury should become more prevalent.

While the Rhode Island Community Alcohol Abuse Prevention Project is not yet completed, a number of important points transferable to other projects have been demonstrated. First, it is possible for a department of public health to broaden its view of injury prevention and collaborate effectively with police and alcohol servers. Second, significant momentum for social change can be gained, by engendering voluntary community commitment and action simply through the deployment of a single community organizer with the main goal of facilitating communication and liaison across groups.

These findings auger well for successful creation of community-based, public health-initiated injury prevention on a very modest budget. The ultimate impact of these efforts on injury mortality and morbidity rates remains to be demonstrated by the project in the final evaluation stage.

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Mr. CHAFEE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RESOLUTION OF DISAPPROVAL OF THE FEDERAL PAY RATE RECOMMENDATIONS

Mr. STEVENS. Mr. President, I wanted to take a moment of the Senate's time—and I apologize for keeping the Presiding Officer and the staff waiting—to explain my vote on the resolution of disapproval of the pay increase.

I previously stated my feeling about the inadequacy of our current Quadrennial Commission compensation system because it has proven to be incapable of attracting the kind of people we need to fill very important jobs. I have placed those remarks in the RECORD and made a long statement on the Senate floor last week.

It probably would have been the better part of valor to just go along today and recognize the inevitability of that disapproval resolution passing both the House and Senate. I voted against it today because of the lack of consideration that the Congress has given to the Federal judiciary. In my judgment had the resolution of disapproval been delayed until midnight tonight the judiciary would have received its pay increase, and in many ways I probably was wrong in not bringing that result about.

It is a sad thing, I think, when Congress becomes so timid in terms of the review of Federal salaries that it effectively penalizes other portions of the Federal Government. I detailed in my previous statements the number of senior researcher and scientist positions that are unoccupied today, positions that we have tried to fill for months at the National Institutes of Health.

The issue facing NIH today is a matter of compensation. It reflects the competition of the private sector in filling similar jobs.

Mr. Culter, when he appeared before us as the Chairman of the Quadrennial Commission appointed by the President, pointed out to us that in many instances those senior biomedical research positions are filled indirectly because NIH makes grants to the nonprofit sector to acquire the expertise to perform that research. Those nonprofit corporations turn around and hire these senior research scientists and pay what they have to pay them to get their services. In the end, the taxpayer is paying not only salaries far in excess of what the President's recommendation which we have just turned down would have provided directly to these scientists, but they are paying overhead charges and administration charges on top of the salaries. If we would just directly authorize the payment of a competitive and comparable salary these researchers would be working for NIH directly. Now they are working for a plethora of nonprofit corporations which have contracted with NIH but are out there paying what the traffic must bear to acquire the services of these very talented people to perform research in cancer, in AIDS, and in the other dreaded diseases. Although the Senate must not forget that the Quadrennial Pay Commission did not propose these salary increases based upon comparability with the private sector. In fact, the Commission based its recommendations upon comparable salaries in the nonprofit sector of the economy, Mr. President. That is where the basis for those recommendations came from.

Mr. President, that is past, but there is one sector that must pay a disproportionate share of the refusal of Congress to agree to these recommendations. The judiciary does not have a "competitive salary" because there are no "private judges," but there are private attorneys, and we are seeing an exodus of qualified judges from the Federal courts.

I predict we are going to see even more of an exodus now; and what is worse, we are going to see the best and the brightest not seek to make a career of serving in the Federal judiciary.

It does not make any sense to me for us to turn down the recommendation for the increase for the Federal judiciary, a very limited portion of our Government, but a very necessary one.

The framers of our Constitution wisely said that those people are appointed for life. Once they take office, their compensation cannot be reduced by the Congress.

So the message is out, the message is out to the legal profession, and you must be a lawyer to get on the Federal bench. The message is out: If you are entering into your law practice with the idea that in the future you might like to serve on the Federal bench, put that hope off until you get wealthy, put that hope off until you do not have any family responsibilities, and put that idea off until your children are all through school. Do not plan on getting a salary comparable to that which you could earn as a practicing lawyer in the private sector while you are serving on the Federal bench, because Congress is unwilling to come to grips with its own salary. It is intimidated by demagogs, and we end up with no increase, so we cut everybody else.

It is one thing to do that with executive branch policy level people who are, as my antagonist Mr. Nader pointed out, all political appointees—almost, not totally. He lumps the judiciary in that group, and I think that is unconscionable. But it is also unconscionable for us not to provide the salary that will attract to the Federal bench the best and most qualified judges we can get, young and old.

The answer was given to us, well, you can wait until they reach their zenith, after they have made their name practicing law; then they can retire to the Federal bench. That, too, is unconscionable to me. The Federal

judiciary ought to be, as I said, the best and the brightest.

I cast my vote today in protest of the actions taken by the Congress, in not deleting the judiciary from this travesty so far as the response to the Quadrennial Pay Commission is concerned.

Again, I believe that the easy way is to turn these recommendations down. The easy way is just to go with the flow and say you will side with these so-called public interest groups out there who are attacking the Quadrennial Commission. Every time one of these so-called public interest leaders speaks, I get a hundred letters. They are usually the same hundred letters and I will continue to follow my conscience.

In my judgment, the judiciary ought to have been separated out from the President's recommendations. We have to find a way now to deal with the pay of Federal judges, and I challenge those who have destroyed this Quadrennial Pay Commission approach, and it has been destroyed by the actions taken in the last quadrennial review and this one, to come up with a viable solution.

No one of any substance will serve on a Quadrennial Pay Commission again. I do not believe that any President will send his recommendation up to Congress again. There will have to be a new system created. I challenge the critics. In my judgment, the critics have the duty now, since they have criticized the Quadrennial Pay Commission approach, to come up with a solution that will meet the public interest and will get us the people we need to enter into the judiciary.

Federal judges are now leaving the judiciary because of pay, and they are leaving—that has been thoroughly documented—there is no reason for us to believe that we can find a way to attract new people to come to the Federal bench, if they see that those who already took a lifetime assignment are leaving because the pay is inadequate.

Mr. President, it is my hope that those of us who believe in finding a solution to the problem of the proper remuneration for Federal employees will find some way to challenge those who have destroyed the current system.

I intend to do that. I am serving notice on the critics and on the Senate that throughout this year, I am going to be offering a series of amendments that will place the burden on them to come forward and provide us with a solution. One of the amendments I am going to offer is an amendment to say that no one who runs a nonprofit organization which contracts with the Federal Government can be paid a rate of pay in excess of that established for the executive branch at level 2. That is one solution.

Second, Mr. President, I think we ought to find a way to restrict the salaries of the executives of nonprofit groups which perform research for our Government via Federal grants. If they are really, truly, nonprofit corporations, they should not be sitting out there administering Federal money that can be better administered directly by the National Institutes of Health.

I am going to find a way to limit the grants that go out to nonprofits which then pay people to do things that ought to be done directly by Federal employees.

Those are two goals of mine for this year, and I know I will have the attention of the Senate as I try to achieve them.

Mr. President, I ask unanimous consent to have printed in the RECORD, a statement which I prepared for the debate by the Senate on this issue last week.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Mr. President, the issue before the Senate today is the acceptance or rejection of a Resolution of Disapproval regarding the President's recommendations on salaries for senior executives in the three branches of the Federal Government. But the narrowly defined procedural issue of the disposition of the Resolution of Disapproval is not, by any definition, the heart of the matter.

On the contrary, the issue is much larger. In fact, I would argue that the decision which we will make today will have a greater impact on the long-term course of our government than almost any other single decision which we will make this Congress. For today, Mr. President, the Senate has a rare opportunity to reaffirm the value of public service in a democratic society. I urge my colleagues to carefully weigh the public policy issues which underlie the President's recommendation and urge that you not be swayed by the voices of political expediency.

Mr. President, there is an old adage which says that "America gets the quality of government that it pays for." In 1989, we face the very real possibility that the Senate will again refuse to agree to the President's proposed salary increases. If adopted by the Congress, the inevitable result of this decision will be that the salary levels of senior Federal officials will continue to fall even farther behind the actual cost of living faced by those individuals and their families. Since 1969, the cost of living, as measured by the Consumer Price Index for Wages, has risen by nearly 230% while the salary level set for Level II of the Executive Schedule has risen only 110% since 1975. In other words, the salary of a Level II executive has been cut in half since 1969, in terms of purchasing power.

A secondary result of this decision will be that in the next few years literally hundreds of middle and senior level Federal employees will "call it quits" without *any* prospect of a replacement coming forward to accept the open position. But that is not the full extent of the problem. For those individuals who remain in the senior levels of Federal service, the effects of inflation continue to rob them of the purchasing power which they enjoyed when they entered the government. When measured in constant, inflation adjusted dollars, the current salaries of senior executives are 30-35% below what those same salaries were in 1969. Based upon statistics provided by the Office of Management and Budget, the value in 1969 of the salary provided to Federal employees at Level II of the Executive Schedule has been eroded by inflation by a factor of nearly 35% when measured in 1988 dollars.

Mr. President, if it is not already, it must be made clear to America that we are facing a "brain drain" from Federal service of unprecedented magnitude, the consequences of which are truly frightening.

Numerous examples of the "brain drain" are included in the report of the Quadrennial Commission. For members of the Federal judiciary the problem is becoming especially accute. The Judicial Conference of the United States reports that in the fifteen years from 1958 to 1973, only six judges resigned from the Federal bench. However, in the fifteen years from 1974 to 1988, there have been 57 resignations. The Judicial Conference conducted exit interviews with 26 of the judges who resigned after 1978 and found that almost all of those 26 judges cited financial considerations as a principal factor in their decision to resign. Mr. President, what does it say about a government which pays its Federal District Court Judges less than the salary which is earned by a first year graduate of Harvard, Yale, Chicago, or Michigan Law Schools who enters private practice?

As another example of the extent of this problem, the Senate should be aware that one of the greatest problems facing career civil servants is the issue of pay compression. By law, pay for general schedule civil servants is limited to the level of compensation paid to Level Five of the Executive Schedule, which is now $75,500. At that rate of pay, all career civil servants in the grades of GS-17, step 6 and above are capped as to compensation. In the military, general officers above the rank of two stars are capped. What does that mean, Mr. President? It means that there is no hope of an increase in pay (one of the principal attributes of any job promotion) for any executive above GS-17, step 6 or any general officer in the military above two stars. At present, according to the Quad, Commission report, this pay cap affects 1044 individuals in the general schedule and, according to the Department of Defense, 158 general officers in the armed forces of the United States.

As a practical consequence of this pay cap the senior management ranks of the civilian and military sectors of our government are being thinned at an alarming rate. We are now losing the best minds and most able administrators in our government. A graphic example of this brain-drain is that since 1986, nearly one-quarter (twenty-four percent) of the winners of the Presidential Rank Award for Distinguished Executive Service have left the federal government, 80% of whom have accepted higher paying jobs in private business. As my colleagues know, the Presidential Rank Award is the highest award offered to senior executives for excellence in management.

But the problem is not the retention of current government managers alone. An equally striking problem faces senior managers who are given the responsibility of recruiting new talent for senior executive positions in the Federal government. The magnitude of this recruitment problem is best illustrated by recent public testimony offered to the Quad Commission. In his appearance before the President's Quadrennial Commission on November 10, 1988, Dr. Anthony

Fauci, former head of the National Cancer Institute and now head of the National Institutes of Health, testified that, for ten years, NIH has not been able to recruit a single senior research scientist from the private or academic sectors to conduct clinical or basic biomedical research. Mr. President, by refusing to adequately compensate federal employees, we are slowly, but inevitably, strangling the most productive and innovative areas of the federal service. We are making a conscious decision to drive the best people from government. Our grandchildren will hold us accountable.

The question is often asked, "what is an adequate salary level for senior managers in the federal government in 1989?" Comparisons with the compensation structure of private enterprise are often difficult to make. However, the Hay Group, a major employee benefits/compensation management consulting company, has done a recent study of the average salary for both higher paid and lower paid private sector corporate executives. The average salary level for higher paid executives in 1988 was $594,200, which the average salary level for lower paid executives was $229,800.

Comparisons with the salary levels of executives working for non-profit organizations may be more valid. The Presidents of large, private universities earn, on average, $185,000; hospital administrators earn, on average, $160,000; Presidents of large, public universities earn, on average, $125,000; and city managers of cities with populations in excess of 500,000 earn, on average, $110,000.

Three additional comparisons are illustrative of the point that I have been making on the inadequacy of current levels of Federal compensation. I would like to turn to comparisons of the level of pay for the New York City School Chief, the Los Angeles Police Chief, and the Los Angeles School Chief. When comparing the growth of the level of compensation for each of these individuals since 1969 and the increase in the compensation paid to level II senior Federal executives over the same time period, the comparisons are striking.

In my view, Mr. President, the day-to-day responsibilities borne by senior Federal executives, Members of Congress, and Federal Judicial appointees are on a par, by anyone's definition, with the occupations which are listed on the previous charts. Yet, each of the professions illustrated on the preceding charts earns far in excess of any senior Federal executive, Member of Congress, or District Court Judge. This inequity must be corrected before we lose any additional senior executives from the Federal government. If the correction is not made, senior managers and Federal Judges will resign in ever growing numbers because the cost of living continues to rise and these individuals will decide that they must act to protect their families for the future. Increases in the cost of living continue while senior Federal salaries fail to keep pace. The average home price of a Washington, D.C., area residence and the tuition costs for both private and public universities has far outpaced the rise in the Consumer Price Index, which is itself far greater than the rise in the rate of compensation for Level II of the Executive Schedule.

In testimony before the Quadrennial Commission and the Committee on Governmental Affairs, opponents of the President's recommendation made much of the fact that the pay increases recommended for the three branches of the Federal government were far in excess of the average wage increases received by the typical American worker over the last few decades and that the President's proposed increases were completely unjustified when viewed in light of the wage increases which typical working men and women received for their labor in the fields and factories of America. These assertions intrigued me, Mr. President, and I asked the Congressional Research Service at the Library of Congress to review private sector pay gains for the last eighty years, back to the turn of the century. The result of the C.R.S. analysis is quite interesting. In fact, the assertions of the opponents are untrue. Using the study entitled "Manpower in Economic Growth: The American Record Since 1800", which was prepared last year by the Department of Commerce, Bureau of Economic Analysis, and the Department of Labor, Bureau of Labor Statistics, the Congressional Research Service has found that between 1907 and 1987 the Consumer Price Index rose 1122%. During the same 80 year period, the average earnings for full-time employees in America's agriculture sector rose 5293%; the earnings for full-time employees in the manufacturing sector rose 4307%; the earnings for full-time employees in the service sector rose 4891%; and the earnings of full-time employees in the government (Federal, state and local) sector rose 3459%. Mr. President, during that 80 year period, Congressional pay rose 1093%. In other words, Federal Judicial, Executive and Congressional pay has dramatically fallen behind all other sectors of the American economy since 1907 and has not even kept pace with inflation.

These charts illustrate one essential truth: since 1907, while the Consumer Price Index has been rising by 1122%, and since 1969, while the Consumer Price Index has been advancing by over 200% . . . while the cost of providing a college education and purchasing a house in the Washington, D.C., metropolitan area have more than tripled . . . and while the average wages of all comparable private sector workers have risen to more than keep pace with inflation, the compensation of senior Federal employees has actually fallen some 30-35% behind 1969 pay levels when measured in constant dollars. With the value of compensation actually falling for senior Federal employees, no one should be surprised by the decisions of increasing numbers of senior executives and managers to leave the Federal government.

By driving the most productive and innovative minds from the senior levels of government, we are leaving Federal service open to only two groups of individuals: the independently wealthy millionaire and the ideologically driven person for whom a particular cause is the motivating reason behind entering Federal service. I submit that such candidates for senior Federal positions have the two types of backgrounds which should cause the American people the greatest amount of concern because they represent two of the most clearly antidemocratic motivations. On the other hand, we have been successful as a democracy for the last two centuries largely because we have developed a citizen legislature and a civil service where public service and service to mankind have been the chief motivator. Mr. President, leaving Federal court appointments, Congressional seats, and positions in Federal regulatory agencies exclusively to millionaires or self-described "public interest" advocates is not, in my view, in the best interests of our democracy.

For two hundred years as a nation, we have periodically addressed the issue of increasing the pay of Federal government employees. For two hundred years, Congress has wrestled with the issue of the adequacy of Federal salaries, including its own. For two hundred years we have attempted to develop a system by which Federal pay can be raised without creating an issue which can be demagogued by those who appear to believe that any Federal wage increase, no matter its size, is unjustified. Having listened to the well-orchestrated criticism which followed the President's recommendation earlier this month, I must reluctantly conclude that our efforts may again come to naught. Political expediency appears to have won the day. This realization and its implication for America's future leaves me greatly concerned, Mr. President.

Over the years, the issue of increasing Federal pay has been met with a negativism rarely found in any other issue which comes before the Congress. Because of the difficulty facing Congress over this issue, we agreed to the Federal Salary Act in 1967 which created the Quadrennial Commission to recommend changes in the Federal salary structure to the President and then to the Congress. In 1985, the way in which these recommendation became law was changed by Congress in order that it would be consistent with the decision of the United States Supreme Court in *I.N.S.* v. *Chadha,* 462 U.S. 919 (1983), respecting the use of a "one house veto" by Congress.

Unfortunately, since 1969, the Quadrennial Commission approach has met with little more success than if the decision on raising Federal pay had been directly undertaken by Congress, as it was prior to 1967. In the twenty years since the first Quadrennial Commission recommendation in 1969, requests for salary increases have been sent up to Congress every four years and, more often than not, have been met with more outrage than acceptance. The single most noticeable result of this hostility has been that, when measured in constant dollars, the pay of senior managers in the Federal government has fallen 35% below that of the level fixed for the same position in 1969. During the same twenty year period, the compensation levels for *all* private sector wage earners has slightly improved over inflation.

Between 1970 and the end of 1987, the cost of living, as measured by the Consumer Price Index, rose at a rate of 204.5%. During the same period, letter carriers at the USPS have seen wage increases of 239.4%, social security beneficiaries have seen their entitlements raise 232.1%, military personal have seen their pay increase by 212.7% (excluding fringe benefits), private sector white collar workers have received wage increases (through 1986) of 196.5%, private sector blue collar workers have received (through 1986) wage advances of 183.8%, and Federal retirees have had pension adjustments of 197.1%. On the other hand, since 1970, Mr. President, Federal civilian employees in the general schedule have received pay increases totaling 132.6% while Members of Congress have received pay adjustments totaling only 109.6%.

In 1968, when I began my Senate service, I knew full well what the salary and conditions of employment were. I knew that I would be required to put in eighty hour weeks and to fly half-way around the globe to meet with my constituents. But I undertook the job without reservation because I thought that I could contribute something to the welfare of our state and the nation. I made a committment to the people of

Alaska in 1968 to enforce the promises made to the people of Alaska by the Federal government at the time of statehood. I told the people of Alaska that I would remain in the Senate for as long as it might take to fulfill all of those promises. Whether or not this pay increase becomes effective does not matter to me. I will remain here, the people of my state willing, to keep my pledge to Alaska, pay increase or not.

In closing let me say that I argue for the President's recommendation because it is supportable on the merits and because it is the right thing to do. My argument in favor of the recommendation looks to the future not to the past. I am very concened about the future of our government. The thought of a Congress, a Judiciary, or an Administration filled with either millionaires or ideological purists is very unsettling to me. But without reasonable and periodic pay increases, that is exactly the kind of Fedeal government which will face our grandchildren in the next century.

Two hundred years ago, Thomas Jefferson envisioned a Federal government made up of yeoman farmers and small businessmen, merchants and laborers, doctors, lawyers, and skilled mechanics, Jefferson felt that each would bring to his government the experiences of life beyond the confines of the federal city. Such breadth of experience would keep the Congress, the courts, and the executive branch in touch with the concerns and interests of the people.

Today, we face the prospect that the Federal civilian service envisioned by Jefferson and in place for the last two centuries is no longer a reality. We have come to a fork in the road, Mr. President. One road leads off to a government which provides inadequate compensation and relies on millionaires and ideologues who are motivated by self-interest to fill the ranks. The other road leads to a government which provides adequate and periodically adjusted compensation and which, as a result, can recruit throughout society for the best and the brightest among its citizens. Keeping Federal salaries artificially and unrealistically low in 1989 will lead, without doubt, down the first road, Mr. President. Choosing that road is a mistake of the highest order and history will forever recall our short-sightedness.

SANDOL STODDARD ADDRESSES THE CHALLENGES FACING AMERICAN HOSPICES

Mr. CRANSTON. Mr. President, one of the enduring challenges confronting our health care system is to help care for the dying.

In recent years, Americans from all walks of life have joined in an extraordinary effort to meet the physical, emotional and spiritual needs of the terminally ill through the creation of hospices. Much of the initiative for the hospice movement has been at the grassroots. These are community endeavors which have served to comfort the ill while forging new bonds between health care professionals and local religious leaders. In their spontaneity, in their creativity, in their deep community roots, we have seen the very best of the American character.

One of the very first hospices begun in the United States is Hospice of Marin, established in my home State in 1976 by community leaders, including Sandol Stoddard, author of "The Hospice Movement." Now, more than a decade later leaders of this, and other American hospices, are assessing the progress we have made and looking to the challenges ahead.

Many of these issues were addressed in the 10th annual meeting of the National Hospice Organization, held last November 18, 1988, in Orlando, FL. As Ms. Stoddard noted in the keynote address to this meeting, "hospice has a long history of stubborn, tough-minded struggle and triumph in the practical world." It is this noble history which will serve us all well as American hospices mature and adopt to meet the many challenges ahead.

I commend Ms. Stoddard's excellent speech to my colleagues' attention and ask unanimous consent that the full text be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

HOSPICE: PAST, PRESENT, FUTURE

(By Sandol Stoddard)

Ten years ago at the first annual meeting of the NHO some of us realized for the first time, I think, how many "hospice people" there were in this country. There were a lot. And that was exciting. I don't remember many details of that conference—I hope you'll remember this one better, ten years from now—but I do recall being at a microphone at one point prophesying that we were going to find an unfortunate new word in the dictionary some day, because down the road it was going to be said that dying patients in the U.S.A. were now being "hospicized."

During most of the past decade, I have been in another part of the forest, but recently I have focussed again on hospice; I have visited many of you and interviewed others on the telephone: I've spent a great deal of time reading what you have published, talking with people in related fields—law, government, religion, education, science—and have taken time as well, just pondering about all that has been happening.

And as I prepared this report for you, it was with the conviction that hospice in general is in good shape in America today; but that at the same time, many of our front line hospice people and members of the public are quite concerned about this very issue: hospicizing. In other words, there is a feeling out there that a medically and socially responsible plan for the care of dying persons and their families may in fact be losing its intimately human and communal base, thus its ethical grounding; that a substandard semblance of the program may be packaged and delivered to the public, disguised as the real thing. I have also heard a good deal of concern over financing and reimbursement problems; and from virtually all of you, anxiety about the ability of hospices to cope with a potentially overwhelming epidemic of AIDS.

As I see it, this is a single cluster of related issues, all having to do with the survival of hospice *as itself:* a program of care that is both technically meticulous and deeply personal, requiring devotion to principle down to the smallest of details; a program that demands, above all, what the current best-seller calls "A Passion For Excellence."

And so I will address this issue today, as soon as we have done some necessary groundwork; and because hospice is not a place, or a structure but a *process,* depending for its life upon people, I will begin with you.

You—and your many colleagues who cannot be here today—are remarkable people: energetic, resourceful, intelligent. You work hard, and I see some fine hospice care being given—not everywhere, but in most places. When hospice workers function well as a team, pooling their skills and resources—caring for one another as well as for patient and family—there seems to be almost inevitably a sense of rightness about it, a kind of joy and fulfillment that is all too rarely found in the workplace today.

"Privilege" is a word I heard you use often. "It is such a privilege to do this work." Many of you have spoken of the changes—the transformations, really—that you have experienced in your own lives. A doctor in a small town in the West said it eloquently: "It is a life-changing experience for a physician to become involved. My patients can see now that I understand their pain, that I have something to offer them. I stay with them, and we talk things over. I feel loved now by my patients. It doesn't matter that some of the things I am doing now really amount to nursing. I feel like a whole person."

As for the hospice nurse, she is a New-Age, All-American Heroine, and I expect to see her in bronze on the village green some day. "Superior to others in self-actualization" she has been called, but I like even better the description given to me by a hospice administrator, new to the field. "Independent, opinionated and stubborn—a real management problem." I have a feeling that our hospice nurses don't intend to be "managed"—I think they expect to be treated as independent equals. Hospice theory allows—in fact, invites—them to take this role. Despite a nationwide shortage of R.N.'s at present, this may be one reason why we still find them working, often for modest salaries, in hospices. You may be interested to know that of approximately 25 teams I was able to visit or be in close touch with lately, the 3 having most difficulty keeping R.N.'s were all being run in a hierarchical/authoritarian style by managers trained in other fields.

Nurses, physicians, members of clergy, social workers, therapists, and volunteers of myriad skills whose presence is so essential to this movement: you have worked together over the years to make the hospice phenomenon a reality in American life today—which is why I am now working on a book to be called "The Hospice Phenomenon." You have taught theory by your visible example; you have challenged professionals in other disciplines; you begin to make yourselves heard in the medical schools; and with the enterprise known as the Wisconsin Pain Initiative, you are part of a global effort on the part of the World Health Organization to bring to an end to the scandal of unnecessary human pain. It is a splendid record and you can be enormously proud of it.

If there are stern challenges ahead of you today—and there are—I think you are the people who can meet those challenges, and be inventive enough, and stubborn and independent enough, and tender and caring enough to transform them into gifts and opportunities.

Incidentally, I have seen the word "hospicize" used quite recently in a document that seems to have merged from somewhere deep

in the bowels of federal bureaucracy. Perhaps they need our help over there.

I would like to touch upon some important points in our history now. This is a part of our treasure, and we can draw strength from it. It begins long ago, with hospice as a place of welcome kept by medieval religious orders so that pilgrims and travellers could be—in the lovely old words—"cherished and refreshed." Many were ill, and in the monastery gardens were herbs for healing, and for relief from pain. Those who were dying received special care and honor, for they too were seen as pilgrims, closer than others to God.

After this, political and military upheavals banished hospice almost entirely from the scene for hundreds of years; science flourished, and the modern hospital appeared, built on a military model of efficiency that had been invented, originally, by Romans for the quick repair of their slaves. Today's hospice is in part a response to the fact that hospitality, as well as appropriate care for those who cannot be cured, has been conspicuously lacking in our acute-care medical facilities.

A few charitable institutions calling themselves hospices appeared in Britain at the turn of this century. A young nurse and social worker named Cicely Saunders worked in one of these during WW2, and saw dying patients, in a loving environment, being kept both comfortable and alert with sufficient doses of narcotics round-the-clock, instead of being forced to "earn their relief" by suffering. Then one day when visiting a patient dying alone in a busy, general hospital, she asked what she could do to help—what there was that he wanted. The patient replied, "I want what is in your mind and in your heart." As they talked further it became the mutual dream of the nurse and the patient, that some day Cicely would have a home for the care of others who were dying; and the young man left a small legacy to provide (as he put it) a window for her home.

Nineteen years of hard work lay ahead before that dream would be a reality. Nurse Saunders went back to school, earned a medical degree, did intensive research in pain and sympton control, learned the administrative moves, raised money, coped with architects and contractors, hired staff, and at last in 1967, was able to open the doors of St. Christopher's Hospice in London. Cicely, now Dame Saunders, O.B.E., with a string of honors after her name, has taught us more than any other living person what hospice is.

"A place of welcome"—"cherished and refreshed"—"special care and honor"—"A loving environment"; these are some of the keys to the meaning of the work. But pay attention also to other signposts: "nineteen years of hard work"—"earned a medical degree"—"did research"—and—"raised money." Hospice has a long history of stubborn, tough-minded struggle and triumph in the practical world. St. Christopher's was founded on a dream, but it was built over a long period of time, with bricks and mortar, sweat and prayer.

In this country, bricks have not been so large a part of it. Americans have devised as many different hospice styles as we have differing communities; and this is an exciting development. And it serves to remind us once more that hospice is not a structure, but a process. We have a few freestanding units, and a few physically separate units within hospitals. However, hospice in America functions typically as a program of care in the home, in liason with other, non-hospice agencies and inpatient facilities. "Non-hospice" is the point of difficulty here; it is a tremendous battle for you to bring true hospice care for your patients into these very different systems. Watching the hospice team at work in a community hospital a man with broken bones asked wistfully, "Do you have to be dying to get this kind of care?"—and it is certainly true that the program serves as a benign influence upon other institutions. However, this is a side issue, a secondary benefit. We need to be clear at all times that our purpose, our promise and our commitment, is to offer the best of hospice care to our patients very carefully, with great attention, one at a time. It takes a very strong centering, in one's own philosophy or faith to do this. Hospice is not a work for the timid, the hasty, or the unconvinced.

Constance Holden, writing for Science magazine in 1976 saw hospice care in Britain as a startling marriage between science and religion. Here in America we hear less said about the religious or spiritual base of the work. I think it is because Americans are used to being so desperately polite to one another about religion that we hardly dare mention it. However, let's be brave for the moment. I'll hazard the opinion that the Christian faith, together with Judaism and the Judeo-Christian ethic, is the most powerful motivating force in the American hospice movement. I found it fascinating, and I think you will too, that every front-line, hands-on hospice worker I have spoken with at any length recently has volunteered a statement of faith, or a direct reference to the spiritual dimension of the work.

A doctor said, for example, "Eight days after I want to the first hospice workshop it came over me that I am a Christian." Another said, "My orientation is Eastern, non-Christian, and I find that doing this work is like a meditation—it keeps me where I want to be—that is, I mean, close to God." A nurse said, "I'm not a church-goer, but being with the patients puts me in touch with other people's spirituality, and in that way, I find my own. You really can't do this work and not believe—something."

In keeping with the nature of our pluralistic society, hospice founders in the U.S. were people of strong faith and varied religious commitments. They should be remembered here today, and I need to do some correction at the same time of our recent history. I have seen a number of references in print to the supposed fact that hospice in North America was started by "lay persons" and/or persons "outside the Establishment". The implication has been that as non-professionals, presumably lacking an intellectual or political base, they muddled around for a while, until a proper wave of organizers came along to fix things. Nothing could be further from the truth. Of course hospice does represent a sort of revolution; and I realize that it is traditional for the second revolutionary wave to slaughter any leaders left over from the first; but if we can't be civil, let's at least be accurate. Founders of hospice in this country were highly respected professionals: they knew very well what they were doing, and they were willing to labor hard for it, and take great personal risks.

One brand new hospice administrator even told me a few weeks ago that the whole thing was started by women. Well—my goodness.

The facts are as follows. In the late 1960s the Dean of the Yale School of Nursing, Florence S. Wald set up the research into the needs of dying persons that led, in 1974, to the beginning of patient care by what is now Connecticut Hospice. Among members of the first Steering Committee were Dr. Ira Goldenberg, Professor of Medicine at Yale, the Rev. Ed Dobihal, and Dr. Morris Wessel, a pediatrician who was, incidentally, the first physician to set up rooming-in for newborns in a major hospital. In 1975 the first Canadian hospice was founded by Dr. Balfour Mount, professor of surgery at the Royal Victoria Hospital in Montreal. During the same year a hospice was founded at St. Luke's Hospital in New York City, by the Rev. Carleton Sweeter and staff. Then, in 1986 in California, Hospice of Marin came into being as a result of long planning and collaboration between William M. Lamers, Jr., M.D., a psychiatrist, and Fr. John Thornton, an Episcopal priest. And in 1978, the Georgetown University Pilot Project on Hospice Care and the Hospice of Northern Virginia were founded by Dr. Josefina Magno.

After this the field opened up rather rapidly, and we saw some fine, responsible organizations coming along and doing excellent work; but during the late 70s and early 80s there were also some well-meaning groups calling themselves hospices without having stopped to enlist or develop the necessary skills. Energy was wasted on various non-issues, such as the supposed necessity of legalizing heroin in this country for hospice use. Proto-hospices and pseudo-hospices popped up during this period like mushrooms after rain, and it was hard for the public to know which ones could be trusted. The Standards and Accreditation Committee of the NHO, together with state and federal agencies and the JCAH have since provided some very useful, though not consistently watertight specifications.

The formal difference between a professional and a volunteer is not the issue here; conceivably, this could amount to nothing more than a piece of paper. The point I am making has to do, rather, with skill and intention. The professional has made a double commitment: one inner, demanding discipline and training, and the other outer, involving personal responsibility and a promise of excellence to society. The original meaning of the word "professional" is, "one who professes a faith." In that sense, every volunteer who works for hospice is a professional. All are acting on the belief that human life is something to be cherished and honored to the very last; and this belief is one of the hallmarks of a civilized society. Hospice work serves this ethos, and thus merits reimbursement by the public; however, excellence in the field cannot be bought or sold or legislated, because hospice care is not mere technique; it is a gift and an offering of the best that we have, in our minds and in our hearts.

The professional point of view, as contrasted to that of the market place, is one of the chief treasures of our heritage. Many professionals at first volunteered their services to hospice, trusting that the community would respond with necessary funding once they had seen the value of the work; and the fact that such extensive public support has been won in a mere ten years suggests that this was a good bet. The motto of many an early hospice in this country was, "Do the right thing; money will follow." Has enough money followed? Well, we shall see. I think all the returns are not in yet. I am quite certain, however, that if we do not keep our side of the bargain, and continue

to offer what we have promised, the support of the public will be withdrawn, both in terms of volunteer efforts and of funding.

The lesson of failed promises, where quality is concerned, has been painfully learned by giants of American industry in the past two decades. Many large corporations once considered invincible are now scrambling to reorganize on sounder principles, so as to survive. But it's one thing to make cars and planes that fall apart; it's another to fail—as we must not do—at matters involving bioethics, and the belief systems of a nation. Hospice has been so well received here because it represents what is best in the collective mind and heart of America today. Here, it has involved not only a regrouping within the medical profession, and a new call for compassion and cooperation among related disciplines, but a tremendous outpouring of positive energy by the public at large. Eleven years ago there were a handful of working teams in the U.S.; now depending on the count, 1,700 to 2,000. We need to ask, what is the meaning of this?

There are many partial answers, each worth a chapter; and I can only touch upon some of them briefly. There is the reason of demography: an older population in the 1980's; more people dying with medical problems capable of being well-managed in the home. There is the financial reason: high-tech hospitals are less and less financially hospitable now; however excellence in hospice care does not always allow economy; and hospice philosophy does not permit dollar gain at human cost. There is the medical reason, a response to the inappropriate treatment so often given to patients dying in the acute-care, high-tech setting. But even this does not explain the passionate, grass-roots quality of the movement, and the eagerness of so many Americans to participate.

I myself am convinced that "health care delivery" is not really what the hospice phenomenon is about, even if this phrase is understood in the broadest sense possible, as pertaining to public health, and involving the moral as well as the physical well-being of the populace. I have to confess, I always have trouble keeping a straight face when I come across the phrase "health care delivery". What I always see in my mind's eye is a little man in a white uniform rushing up to a door carrying a package labelled "Health Care." He puts the package down, he rings the doorbell and he runs like hell—because God forbid there should be any human contact involved in this transaction.

With DRG's impacting our C-B ratios; in a world in which hospice is described by the federal bureaucracy as an "industry" (HCFA document No. 03248) and the NHO as a "national trade organization" founded, presumably, to assist in the efficient "hospicizing" of our "terminals" I suppose I ought to be glad to have a nice looking package delivered to me—instead of doing what I do, which is to poke it with my foot, and study it very carefully in case there might be a bomb inside.

What is this robot-talk? What is this nonlanguage about non-persons?

Hospice is an intimate transaction between human beings in community. The nature of the process is revealed in the teams we build, the way those teams are organized, and the way we must treat one another as well as our patients, day by day, if the program is going to work. Hospice people need to be together in ways that are mutually trustful, nurturing and supportive. The conventional hierarchies of the military-industrial establishment function so as to separate people from one another, and control them by making them relatively powerless, anonymous and interchangeable. This is exactly what hospice cannot do and survive.

And curiously enough, some of the most advanced and brilliantly successful technologies in the country today are beginning to discover that the old hierarchies were not working well for them either; and so that style of corporate management is also changing, out on the industrial frontier. Listen to the values being promoted now within firms like Lockheed, IBM, Hewlett-Packard, Apple Computer, Nucor Steel: individual initiative; integrity, trust, more care for persons, less for devices; a sense of community; decentralization—"small is beautiful." The command now going out is: reduce administration and bureaucracy by 80%; cut out the mind-numbing paperwork, the "demeaning irritants"—sounds like insurance forms, doesn't it?—that's a quote from "A Passion for Excellence"—and give immediate, practical support and encouragement instead to a series of lean, stripped-down teams that can get the job done, and do it right. An executive from GE, Gerhard Neumann, says of one of their recent development projects in jet engineering: "it reminded me of the Flying Tigers in China . . . [during WW2] . . . undermanned, overworked, and successful!" I'll bet that sounds familiar to some of you.

What must be called a humanist movement of sorts within U.S. industry seems to have begun about ten years ago when some executives in the automobile business suddenly noticed that everyone else was driving Toyotas; and they checked, and found out that Japanese cars worked better than American cars, and were also cheaper; and that was pretty humiliating.

They could have asked the early hospice groups in this country how to get a job done right: we could have told them. But of course they didn't; instead, they went over to Japan at great expense and discovered that chief executives there were not sitting in their offices with the doors closed, or going on round-the-world cruises; instead they were down in the plant every day, listening respectfully to their workers, taking their suggestions, encouraging them to be creative, and helping them to create a sense of community within the firm. And they were also out in the field, paying close and humble attention to the needs of their customers. So now, American managers are scrambling to do the same, and some of our industries are picking up. Meantime, hospice is in danger of bogging down under the same outdated administrative superstructures which, for very questionable reasons, we have borrowed from industry. I wonder—will we all have to pick up in another ten years and learn hospice theory all over again in Japan? I certainly hope not.

Here is an example of what inappropriate business practices can do to hospice. A large, well-endowed, non-profit organization in the U.S. got off to a fine start with the enthusiastic support of the community. As time went on, a typically hierarchical, topheavy corporate structure was applied to it, with the help of a large board of local businessmen who knew nothing of hospice practice or theory. They hired an autocratic, non-hospice-trained chief executive; group morale sank to rock bottom; and today they need a revolving door for medical staff because they are quitting almost as fast as they can be hired. The joke among the nurses there now is that any day, they will finally have one administrator per patient. Nurses are unionizing; they don't like the way they are treated; and there is some question as well, evidently, about the treatment patients are receiving. Local press representatives, needless to say, are fascinated—and hovering. Meantime the chief executive, who draws a salary of $100,000 a year, is already looking for the next job up the ladder in the federal bureaucracy. This is hospice? That's what it says in the brochure. But you can't put the business stamp on hospice, and then pour money on it, and make it work. Several of our wealthiest hospices have already gone under because they didn't understand this. Hospice depends upon teamwork, upon relationships of trust, upon professional commitment.

By contrast, let me tell you about another visit I made recently. I had asked to meet the leader of a hospice associated with a first rate university medical center. When I arrived I was met by the whole team, including two staff physicians. They were all leaders. In the room where we gathered I saw a chart, but it was not the usual administrative diagram with all those little, insulated coffins going up and down the page; instead it was a very sensible personal contract. All team-members had gone on a weekend retreat together, and there they had made rules to govern their working relationship. The rules were as follows: we will be honest with one another, we will treat one another with compassion, we will be non-judgmental; we will be active listeners; we will be flexible; we will let go of our expectations of the outcome; we will offer self-disclosure, demonstrating trust; we will ask for what we need, and thus risk vulnerability.

Now, it may be that wars, corporate takeovers and things of that sort could not be well-managed on such a basis, but the world would be a much better place without wars and corporate takeovers—and in the meantime, the rest of us have got work to do. I was not at all surprised to find that this was a sophisticated, accomplished and fast-moving team; that their main worries had to do with improvement of conditions for their patients; that they had plans to raise money for a small inpatient unit of their own, attached to the hospital, so as to avoid placing them even for temporary care in other, less satisfactory quarters.

It was a joy to be with these people; they knew what they were doing. There were no frills, not a sign of a status symbol, and I didn't see a bureaucrat for miles. Hard information was shared amid a great deal of laughter and nonsense of the most serious sort. The esprit de corps was so fine that it felt, at times rather like a conspiracy. "How do you go about teaching the other physicians here what they need to know about pain and symptom control?" I asked. The answer, with a huge grin, was, "insidiously."

We had fun. This is great morale, and it doesn't just happen. I am glad to say that I found it in many other places, too, across the country; but never where the spirit was lacking, because that is always reflected in the system. Dame Saunders has often pointed out that staff support calls for community—something "rather more closely knit than an ordinary professional group of people enthusiastic about their job." And Dr. Bal Mount says, "the holistic orientation of hospice care forces the physician to adopt a more egalitarian role, [and] the administrator is called upon to respond to the demands of the whole team, rather than

those of a hierarchy." This is good, basic, necessary hospice practise.

And I think one reason for the powerful response to hospice we have seen here is that the people of this country are sick and tired of dealing with insensitive, unresponsive hierarchies. They want to reclaim the power they have given away to uncaring systems and so-called experts in the past. You know the definition of an expert: it's someone from out of town. I guess that makes us all experts, here today. We'd better watch out.

It's not only the hospice nurse who is independent, opinionated and stubborn; I think we love that story so because many of us answer to the same description. In fact, wasn't that why and how this country was settled to begin with; and don't those words pretty well describe our own pioneer and immigrant forefathers? I seem to remember that the British found out, in 1776, and again in 1812 that we present serious management problems. A large part of the hospice impetus here, I think, has been the sheer cussedness of American character; we don't trust big business-style medicine. Show us what to do at home, and give us the help we need with it, and we'd much rather get together again, and take care of each other the way we did in frontier villages. A man dying of Lou Gehrig's disease out in the Northwest said to me, "I like this hospice—it's kind of a neighbor to neighbor thing." He had trouble speaking, but he was sitting upright, immaculately dressed, in his own home, and he was so proud.

Like the barn-raising or the quilting bee of pioneer days, hospice builds community while lending enormous strength to individuals. In a fine book on hospice architecture, Deborah Allen Carey writes: "Hospice is a reaction to the anonymity of mass culture. . . . concurrent with other movements to promote . . . common interests and community." I agree. We hate anonymity and today we battle it constantly: look at the credits at the end of every movie; they go on and on and on until everyone has been mentioned, down to the person in charge of walking the dog. This is bizarre, but it is also wonderful; I think it says something about new social health. The body of society as a whole is injured when we don't look at one another, don't care. The vast quilt being made in memory of AIDS patients is another cry of protest against loss of personhood; so, of course, is the Vietnam War Memorial. When we give infinitely patient, skilled and loving care to one dying patient, and then another, we are empowered by, and responding to, a passion that runs through today's society like an electric current; we are saying: each person matters—every single one.

Then, too, death is a constant presence in our lives today; the mystery and the reality of it are always beside us. We think daily of nuclear warfare. The suffering of our planet is brought into our homes by television: homelessness, hunger, pollution, plague, war. Personal growth does not come without pain, and I believe we are growing now, haltingly and with great difficulty, into a nation far more aware of our need for the basic values of humanity, community, intimacy. And this we must call spiritual growth. "The knowledge that he is to be hanged in the morning" Dr. Johnson said, "serves to concentrate a man's mind wonderfully." The hospice movement in America represents that sort of concentration—we are asking: what, after all, really matters. And the answer seems to be, very simply, love—and the willingness and the need to take care of each other.

And now, you see, we are learning to do just that, with hospice at the forefront. As conquerors of a wilderness, with enormous physical prowess, we have tended to neglect the spirit that leads us, men and women alike, to nurture one another, and cherish all that lives. But the power of the feminine, as a part of every human life, will not stay under; both consciously and unconsciously now it works bring us all to greater wholeness. Thus we find a hospice physician unashamed to take a nursing role, whole a hospice nurse freely expresses her own power and creativity.

"The hospice movement must grow up," I have heard, and read rather often recently. This is true. Groups and movements like this grow organically. They mature in time. It is a fine thing to be grownup—ins't it? Or do some of us feel just a touch of sadness because there is something—something in our own lives that was, perhaps, lost along the way.

A coordinator of volunteers in the Midwest said to me, "I am afraid that we must lose our spirit now—that wonderful spirit of innocence." A community relations director in the east coast, ten years in hospice work, said, "I know how to have a dream and make it happen—but maybe we have to stop dreaming now."

The question for hospice today, as it must be at some time for each individual is, "What does it mean, to be grown up?" So it may help us, while we are assembled here, to ask in hospice terms: Is it more grownup to be able to manage an organization efficiently and fill our Medicare forms correctly and lobby effectively for what we want in Washington—or is it more grownup to be able to look into the eyes of a person who is dying, and not be afraid, and stay with that person for as long as it takes, and never count the time?

So, what is grown up? But wait—this is not an either/or situation. We can have both. Let's not ask, which is better, men or women, left brain or right brain; given the challenges ahead of hospice today, we are going to need all the brains we have got.

No, of course we must never stop dreaming. I believe we haven't been dreaming enought lately. Every reality begins with a dream: read the first book of Genesis. There was nothing there at all, except a Spirit brooding over the dark waters—and, look what happened. Everything happened—and Eden, too.

And it was very beautiful in Eden for a while, and after a time Adam came along and started naming all the animals. And when he had named them, then he lined them all up and started counting them; and there were a lot. And that was exciting. And then, Adam was tempted. He thought to himself, "There's got to be money in this someplace" . . . "think I'll start a zoo."

And you won't find it in the Book, but here is what really happened. Adam went straight to Washington then, and he got the AnimalCare Waiver and the AnimalCare Benefit passed by the legislature; and then he got the franchise, because there wasn't a whole lot of competition in Washington in those days. Eve was just dreaming and playing all this time, back home in Eden getting to know the animals, loving and enjoying them. And it was wonderful in Eden then because the animals didn't die, they just grew older, and finer—and more beautiful—they just matured.

And then Adam came home and he said. "Come on, woman, it's time to get organized, we've got to start building fences and fortifying this place, because I've got the franchise now, and nobody else is going to get my animals."

You know the rest of the story. God was walking in the garden in the cool of the day, and he saw palisades and gun-towers going up, all over Eden and he said, "Adam, Adam—what have you done?"

And to think, all this time, we've been blaming our problems on Eve.

I guess this, too, may sound rather familiar to you. I wonder, what can be done about it? It's kind of tough, dealing with Original Sin. I mean, we always think that our own sins are original, but that doesn't usually turn out to be the case.

Obviously, people who work hard doing something useful for society deserve to make a living. The trouble comes in when people who don't understand or care about the work come along and use it as a tool for personal advancement. Competition is bound to follow, and one of the saddest things I have experienced in a long time is the sight of established hospices, both for-profit and non-profit, working to put new little hospices, as potential rivals, out of business. This is happening. Surely, one would have thought that there is enough pain and misery to go around. But there are some—particularly among the more heavily capitalized hospices—who are looking upon this work as a growth industry; this is called, nobody else is going to get my giraffes. And it means grafting the methods and the structures of corporate power-politics onto a system which has launched itself bravely, and boldly, and intelligently, by way of a very different social contract with the American people.

I don't believe it's going to work in the long run, for a number of reasons. For one, I don't think the American people are going to like it: this is their hospice movement, not ours. For another, there is an important human truth just now being probed by avant leaders of industry, and that is: As soon as management is removed from the product, or from the significant event, the organization starts dying. And the corollary to that, noted already by battered investors and consumers in this country, is that a dying organization makes shoddy products.

Hospice has no end product but itself, and the wellbeing of those it cares for; and I expect that people who do this work badly on a large scale are going to begin wondering soon why they didn't go into steel or computers, or maybe Japanese motorcycles, instead of into dying people. The word is out that some of our patients, in fact, are already being "hospicized". And by that of course I mean, dying under pseudo-hospice auspices with physical pain poorly or carelessly managed, social and emotional and spiritual pain barely addressed, subcontracted out by the hundreds to other facilities. Staff members of one ambitious organization commute between 35 to 40 nursing homes; clergy and medical staff at another are on the verge of moral and nervous exhaustion; a chaplain said to me in a voice that was numb: "the most important thing I have to remember in this job is never to develop personal relationships with the patients—I couldn't bear it." Three patients are dying there, per day. And I am sorry to be telling you these ugly things, but I think you need to hear them. A furious clergyman from a largely gay, urban parish said "this is one step away from government-sponsored euthanasia, and when AIDS really hits, it's going to be profitable warehousing

and genocide." This was not just one person. I heard similar thoughts in the South and in New England, as well as on the West Coast. Meantime, some hospice administrators are wondering why they have so much trouble—and I quote—"marketing our program to those people."

We might say, along with Pogo, "We have met the enemy, and they is us." But I believe, and with good reason, I think, that the vast majority of you, and of all hospice people today, utterly reject such attitudes and such abuses.

The point here I think is not whether a hospice is technically for-profit or not. I've heard a lot of anger out there on the for-profit issue; but let's be sure to draw the line in the right place. There are modest, proprietary organizations whose owners offer beautiful hospice care. On the other hand, many of our finest organizations battle more or less constantly for their integrity within other publicly owned institutions: home health agencies, for example. I have seen rather large hospices of this kind doing a first rate job, with the right kind of spirit and teamwork and leadership. If the intent of the hospice is to make money anywhere down the line, then that I think is where the line must be drawn; because the purpose of hospice is to care for people.

Our shield and buckler in the situation I think is a clear sense of our identity. Who are we? What are we really trying to do? A look at our administrative charts will help here. Early hospice charts were generally round, with all care-givers relating directly to patient/family at the center. If you must have an oblong chart, you might like to turn the one you have got upside down, unless you have already done that—because patient and family, of course, belong at the top. Hospice exists to serve them. Next comes the interdisciplinary team: the front-line care-givers; and if there is money, by the way, they get it. At the bottom belong what may be called the enablers: the people who allow your team to care for more than a very few patients; some of these, one hopes may be volunteers: bookkeepers, fundraisers, people in charge of community education, someone to recruit volunteers and see that they are trained. Now we need a small, working board of responsible people who are thoroughly acquainted with hospice theory and practice—please, not a large board of prominent but uninformed civic leaders who invariably vote for the wrong thing.

Leadership for your team emerges rather naturally in such a setting. If you can find room at the very bottom of this chart for two or three executives with MBA's, plus an assistant for each one of them, plus secretaries and receptionists, I suggest you get a pair of scissors and cut your piece of paper down smaller.

Now this is your classic, historically and philosophically basic, muscular, down-to-earth hospice; and in different communities it will tend to respond and develop in different ways. If you are caring for too many patients to make such a simple plan as this seem practical, perhaps you are caring for too many patients.

If you haven't enough patients to keep things going, I think you need to ask, "keep what going?" In many cases I suspect you've got too much overhead; time to "downsize" as they say in industry. One of the problems a lot of you are having is that no one reimburses you for the time you have to spend on those obnoxious insurance forms. I'm beginning to think a CPA should be included on the interdisciplinary team from now on, prepared to do heroic resuscitation.

But please listen carefully to your language, in the meantime. If your team had a "patient care coordinator" last year and this year you have suddenly got a "patient services manager", watch out. You are turning into a gas station.

Small is beautiful, in hospice as in a number of other responsible occupations. In teams of more than a dozen or so, something seems to happen organically, so it's that much harder to maintain community, integrity, efficiency. Hospices caring for a great many patients may do better with several teams, loosely linked. And if that still doesn't do it, how about helping another, small hospice to start up nearby. Sharing is beautiful too. We tell that to the kids all the time, but maybe it's more convincing if we show them.

As to Medicare, I understand that there is a certain amount of creative bookkeeping going on, making the facts fit the case as it were, tempering the wind to the shorn lamb. That's understandable, but a pity, because it wastes your energy and you shouldn't have to do it.

Perhaps we ought to go back to Washington and try to explain a little better what hospice really is. There are good people there, and some who care a great deal about the spirit and essence of the work. NHO I'm told will be working on this, and in the meantime, wonderful things can be accomplished even from way out in the boondocks via intelligent networking; I know of one such group today, amounting almost to an entire task force of innovative thinkers working on the problem of hospice and AIDS: it includes attorneys, writers, members of clergy, legislators, leaders from gay and black communities, and several well-seasoned hospice people.

I am sure we would all agree that hospice as it is generally practiced today is a far finer program than the one described in Medicare—far richer, and far more seriously responsible, to patient and family. The comment I have heard again and again across the country is, "They've left out exactly the things that make hospice what it is." Yes, and that's why I think we need to have another look at the situation.

How about, for example, the bereavement counsellor in a small town in Montana, leading evening support groups, making a splendid teaching film, worrying about how to survive financially. The question: should I drop this work and try the Peace Corps instead? I really want to help people.

And, then there is the R.N. in a poverty pocket in Colorado who has to fire up a wood stove to heat water before she can bathe her patient; she does it, of course, because she is a hospice nurse. I don't see anything like that on the Medicare forms.

And then, the physician in Alabama who makes a dozen unpaid house calls because he is really giving spiritual support to patient and family; and the physician in New York who finds that the best thing he can do at the moment is to roll up his sleeves and heat a bowl of soup for the patient—and share it with him. Spiritual hunger is not something we can respond to by serving up canned clergymen p.r.n. Real life doesn't work that way. Spiritual sustenance has got to be part of the flow.

And then there was the wealthy, retired executive I met in Wisconsin with his toolbox under his arm; he told me of his joy in fixing things around the office, and doing front-line work with difficult patients. He was very proud that he had done a week's wash recently for the wife of a dying man so that she could get out on the tractor and plow the farm. It was a privilege for him, he said, to volunteer—but how about the many, many people who cannot afford that leisure? Good question.

Federal reimbursement specifications as they are now written are better than nothing for most hospices, I'm sure; on the other hand, they do rather consistently suggest and reward lower levels of care; and this is not good. I am afraid that they also actually encourage warehousing, because here, assembly line tactics will pay. Also, and here I am quoting a fine article on hospice ethics by Joanne Lynn, there is encouragement to provide home care primarily to those "whose care needs can be predicted to remain low . . . [that is,] families with . . . physical, emotional and financial resources." This is another invitation to the profiteer, as well as a built-in dollar incentive to neglect caring for those in greatest need in our population. Unfortunately, hospice in America is at present a white, straight, middle class phenomenon; and federal legislation, instead of putting the stamp of approval on that, needs to help us move in exactly the opposite direction. Finding the right relationship between hospice and government is bound to be a very delicate matter; a useful way of thinking about that may be to remember how long and hard we must work sometimes to find the "window of comfort" for a person in pain. Too much of a controlling agency there means a comatose patient; too little means that the agony starts again. I think we simply must pay close attention to the problem, and keep working for desirable readjustments.

We will learn a great deal more tomorrow from Randy Shilts about the AIDS situation; but before closing I would like to share some thoughts with you about hospice and AIDS. Front line people have told me, from one end of the country to the other, that you intend to care for people who have AIDS, to the best of your ability. It has been a moving experience for me to hear this from you, in so many different voices. There is fear, of course, but it seems focussed at present not upon the disease, but on the possibility that appropriate care for even one AIDS patient might put a modest hospice into bankruptcy; and the possibility that a larger epidemic may wipe us all out with sheer physical and emotional fatigue.

There are many ways of approaching the problem. My way begins as always with hospice philosophy, and with our first principles. I think we have to be humble enough in this situation to ask the patient yet again what is really needed—what the patient wants. Some of you are already doing this, I know, and I love you for it. On a similar basis I have been working recently, with the help of some wise advisors and people within AIDS support networks, on an idea I'd like to share with you today; and this idea, still in a formative stage, has gone out to some interested senators; and the text of my talk today, for this reason, will be going into the CONGRESSIONAL RECORD.

A PROPOSAL: HOW HOSPICE CAN HELP WITH AIDS

1. It is understood that affluent gay communities have already adopted proto-hospice styles (as in the "San Francisco Model") in caring for one another; and that next to be hard hit will be the poor, especially inner city minorities.

2. Whereas, hospice: Is a process, not a place; is largely a home care program in the

U.S. today; creates community in the process of caring for patients and families; teaches social as well as medical skills; and is soundly based in U.S. religious and humanist ethics.

3. Therefore, although inpatient facilities are also needed, the main thrust now should be:

4. To identify leaders and networks of loyalty in inner city populations, beginning with church and synagogue,

To offer, with their support, demonstration projects in hospice home-care, run by small, experienced, qualified hospice teams (as in the Flying Tigers operation, WW2)

To have hospice teams serve as personal and teamwork models while doing one-on-one teaching of technique

To offer job rehabilitation and other credits to persons now on welfare for learning and helping with this work

Thus—aim to create autonomous hospice and proto-hospice units within this population.

5. The results to be hoped for are:

Patients being cared for within neighborhoods help create stronger community there,

Care givers learn marketable skills as well as new autonomy and sense of self-worth,

Personal and community growth emerge from tragedy.

6. Federal Funds Needed: Salaries for demonstration teams; job rehab and welfare benefits for participants; and modest expense for space and equipment not donated.

Three million dollars in federal funds have been provided recently for an inpatient unit in the Los Angeles area that will serve 25 AIDS patients. This is great, and very necessary; but think what another sum like that could do to launch a pilot program that could be socially as well as medically enabling within some of our most tragic and fractured, inner city populations. Three million dollars isn't much, as government expenditures go, but it could put a great number of Flying Tigers over the culture-barriers and into the crisis areas where they may be needed most.

I mean, of course, the Tigers who managed to escape from that high-priced zoo we were talking about.

This is only the beginning of an idea, and since a part of my job for you is to dream, and to hear and record and communicate your dreams, I invite you all to join in further brainstorming toward the best and the finest responses that hospice can make to AIDS.

So here we are, facing the unknown together—the part of life and this world where it always used to say on the ancient maps: Beyond This Place Be Dragons. I have faith in you, and I believe that many wonderful adventures lie ahead. Some small miracles have already happened in connection with the AIDS tragedy—there has already been some healing, in the minds and hearts of individuals and in communities. There are times, as you know, when it is our patients who heal us.

And so I want to give my last words today to a volunteer who can hold up a lamp for us all. Here are the words of a white, straight, upper middle class woman, herself a fine musician, and the wife of a gifted young attorney:

"I am working with gay and black AIDS patients now, and yes, it was frightening at first. But I was brought up in a home where there was not very much touching, or affection expressed. And I feel such permission now, to touch and to hold—because they need it so. And it is possible always, no matter how ill they are, to make deep connection, person to person, that is the greatest thing. And a kind of holiness comes over the simplest of acts, so that helping a person to eat, or even just doing up a button, seems so totally important. Time doesn't matter because nothing I do for these patients feels like a waste. And an energy begins and it comes through, a sort of current—I don't dare say where it comes from, though I think I know—but sometimes I feel at these moments that I am being given permission to fall in love with the whole world."

Shalom. Go with God.

Thank you.

COMMENDING BAILEY GUARD FOR HIS OUTSTANDING SERVICE TO THE SENATE

Mr. SIMPSON. Mr. President, Bailey Guard became an employee of the Senate on November 27, 1956, during the Eisenhower administration. He became minority staff director of the Environment and Public Works Committee on January 1, 1966—long before I began my service on this fine committee in 1979. He has served this committee faithfully, persistently, and sincerely over the years, working with all Members in a very civil and steady manner. He has always been very kind and helpful to me. A very fine man in every way. During the early years, Bailey helped to craft the important public works legislation that resulted in the revitalization of this country's infrastructure, our bridges, and highways—the glue that keeps this country connected. Then Bailey became involved in the early efforts to produce environmental protection legislation, including the original Clean Air Act. Over the years, Bailey helped to shepherd many important bills through the rock shoals of committee and floor consideration.

I have enjoyed him so and learned much from Bailey's counsel. I most closely worked with him on issues relating to our public buildings. He was always a diligent watch guard of the General Services Administration. He faithfully tried to insure that the taxpayer's money was not to be wasted on inappropriate construction activities.

Bailey Guard will be sorely missed on this committee. I wish him well. He is a fine friend and a great gentleman. I thank him for his unfailing help to me.

TRIBUTE TO UNIVERSITY OF SOUTH CAROLINA HEAD FOOTBALL COACH JOE MORRISON

Mr. THURMOND. Mr. President, on February 5, the University of South Carolina and our entire State lost a great man, teacher, and coach with the death of Joe Morrison. Coach Morrison, who was a former running back and wide receiver for the New York Giants, had successful coaching careers at the University of Tennessee-Chattanooga, the University of New Mexico, and the University of South Carolina, where he led the Gamecocks to three bowl games and the highest national football ranking in the school's history.

Coach Morrison was born and raised in Ohio and attended the University of Cincinnati, where he excelled on the football field. He set many school records in passing, rushing, and scoring, and was twice named to the All-Missouri Valley Conference Team. His successful college football career made him a prime candidate for professional football, and after playing in the the 1959 College All-Star Game, the Senior Bowl, and the North-South All Star Game, he was drafted in the third round by the New York Giants.

His 14-year career with the Giants was one marked by fame and glory. Known as Old Dependable for his many clutch plays, Coach Morrison remains the all-time Giants leader in receptions and is fourth in team history in career touchdowns. He was named Most Valuable Player by the NFL Touchdown Club in 1972, and his name was enshrined in Giants' history when the team retired his number at the end of his career.

He was often described by his teammates as the "ultimate team player," and Giants owner Wellington Mara remarked that "he would do anything that was asked of him."

This spirit of sportsmanship, team spirit and cooperation carried over into Coach Morrison's coaching career. He received the admiration and respect of his team members and his fellow coaches, and all who knew him well are deeply saddened by his loss. His players knew he had three simple rules to live by: Be open, honest, and fair. "It's just about that doggone simple," Coach Morrison was fond of saying.

As head football coach at the University of South Carolina, Coach Morrison inspired his team to reach new heights in athletic achievement. Treating his players not as boys but as young men, Coach Morrison taught them that if they combined hard work, a winning spirit and team cooperation they could achieve great things both on and off the football field. Because of his success as a teacher and coach, in 1984 he was presented with the prestigious Walter Camp National Coach of the Year Award.

A man of many outstanding qualities, Coach Morrison was especially interested in helping others reach their full potential. He will be sorely missed and long remembered by the people of our State, especially those who had the privilege of knowing him while he was head coach at the University of South Carolina.

I extend my deepest sympathy to Coach Morrison's wife, Mrs. JeVena Morrison, his two sons, Rick and Jeff, his daughter, Shelly, and his mother, Jeannette Mort.

Mr. President, I ask unanimous consent that the following articles concerning Coach Morrison be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the South Carolina State, Feb. 6, 1989]

HEART ATTACK KILLS USC'S MORRISON—51-YEAR-OLD COACH FELL ILL AT STADIUM

(By Teddy Heffner)

University of South Carolina football coach Joe Morrison died Sunday night after suffering a heart attack.

Morrison, 51, collapsed in a shower after playing racquetball at Williams-Brice Stadium. He was rushed to Providence Hospital.

He was alive but unconscious when he arrived at the hospital at 8:44 p.m. He was pronounced dead at 9:03, Providence spokeswoman Dawn Catalano said.

Morrison was playing racquetball with attorney Ed "Punky" Holler, assistant football coach Joe Lee Dunn and businessman Ken Wheat. Wheat and Holler are former USC players.

After they finished, Morrison had trouble breathing but was talking to Holler, Wheat and Dunn. Trainer Terry Lewis and Dr. Robert Peele were called to the stadium, and Morrison agreed to go to the hospital.

While the call was being made for an ambulance, Morrison tried to take a shower but collapsed. He was taken unconscious from the shower and transported to the emergency room at Providence. Cardiopulmonary resuscitation was started on Morrison by the EMS crew, Ms. Catalano said.

The crew put Morrison on a mechanical CPR machine called a "thumper."

Morrison also was given cardiac medication intravenously, and a tube was inserted in his lungs to help him breathe, Ms. Catalano said.

When he arrived at Providence, external and internal pacemakers were administered by a cardiology team.

"We play racquetball two times a week," a badly shaken Wheat said. "He never recovered. He kept sweating and turning white. He just never recovered."

Morrison's wife JeVena, "JV," was with him in the emergency room, as were several USC officials, including athletic director King Dixon.

"A great man has left . . . we've had to turn loose of him," Dixon said. "All of us are pretty much in a state of shock."

USC President Dr. James B. Holderman called Morrison "a remarkable man."

"He did as much if not more than anyone else in the history of Carolina football to put it on the map," Holderman said. "He brought it into national rankings.

"You always knew where you were with Joe. He was straightforward. His word was gold, you could count on him."

Matt McKernan, who played under Morrison for five seasons, said he was in a state of shock.

"All of a sudden, he's gone." McKernan said. "It will be difficult for the guys still there to adjust."

National signing day for incoming recruits is Wednesday. Dixon said the athletic department will continue the work Morrison started.

"Our football program, and the life at the university, does go on." Dixon said. "Our heart will be with JV and Joe's mom and JV's family and Joe's family, but Wednesday is a big day for us and we know Coach Morrison and JV would want us to continue to build.

"It is our job to honor the commitments that Coach Morrison has made . . . solidify the staff and our athletic program as never before. And we will."

Dixon said Morrison "will be sorely missed."

"Very few people know Joe Morrison," Dixon said. "Joe was one of the most dedicated workers and one of the most competitive athletes. . . . I always held him in high esteem."

Morrison had a history of heart problems and previously had been hospitalized for that condition.

He underwent a surgical procedure to open blockage in a coronary artery in March 1985.

On that occasion, he was admitted to Providence after complaining of chest discomfort. Doctors discovered the blockage and performed a procedure called balloon angioplasty.

The procedure involved the insertion of a balloon catheter into the affected vessel. The balloon is then inflated and deflated, an action that flattens accumulated plaque against the artery wall and restores the flow of blood through the artery.

Morrison was head coach at USC for six seasons and produced three of the school's best teams. His 1984 club had a 10-2 record—the Gamecocks' best.

His '84 team won its first nine games before losing to Navy. USC came back to beat Clemson 22-21 the next week and earned a berth in the Gator Bowl.

The Gamecocks went 8-4 in 1987 and '88. The eight victories equal the second-best season in school history.

In his six seasons, USC compiled a 39-8-2 record, but his years were not without their problems.

Morrison was the defendant in a highly publicized paternity suit before the start of the 1987 season.

The athletic department was rocked in March 1988 by the firing of Bob Marcum as athletic director when a school committee determined the department's drug program was mismanaged.

This past season, a Sports Illustrated story by former player Tommy Chaikin alleged steroid abuse at the school.

"It seems like everything was building up," former All-American wide receiver Sterling Sharpe said. "I just talked to him yesterday (Saturday). He was in good spirits . . . his usual self. But looking at what all was going on, seeing what he was going through . . ."

Morrison was born Aug. 21, 1937, and grew up in Lima, Ohio, where he lettered four years in football and three years in basketball and baseball at South Lima High School.

After graduating in 1955, he attended the University of Cincinnati on a football scholarship. Morrison set school records in scoring, passing and rushing while twice earning All-Missouri Valley Conference honors. He played in several post-season all-star games and after his senior season was a third-round draft pick by the New York Giants.

Morrison's nickname was "Old Dependable" during his 14-year career with the Giants. He was tapped Most Valuable Player by the NFL Touchdown Club and was a recipient of the Sportsman Award in 1972.

Morrison was team captain seven times, held numerous records and missed just eight games in 14 years. After his retirement in 1972, the Giants retired his No. 40 jersey.

Morrison's college coaching career was full with revamping poor football programs.

He started his coaching career at the University of Tennessee-Chattanooga in 1973. He turned the Moccasins into a small college powerhouse that dominated the Southern Conference.

In 1980, he went to the University of New Mexico, where, during his third year, he transformed the losing program into a 10-1 winning team. He came to USC on Dec. 5, 1982.

Morrison is survived by his wife, the former JeVena Armstrong, his mother, Jeannette Mort of Lima, Ohio; a sister, Ann Moeller, of Ann Arbor, Mich.; two sons, Rick, 31, of Lima and Jeff, 28, of Marysville, Md.; and a daughter, Shelly, 27, of Alton, Md.

Funeral arrangements will be announced by Dunbar Funeral Home.

[From the Granville (SC) News, Feb. 6, 1989]

USC'S MORRISON DIES—COACH HAS HEART ATTACK AFTER PLAYING RACQUETBALL

COLUMBIA.—Joe Morrison, head football coach at the University of South Carolina, and for 14 seasons the New York Giants' "Old Dependable," died Sunday night of a heart attack. He was 51.

Morrison had been playing racquetball at the university and was found collapsed in the shower, Providence Hospital spokeswoman Dawn Catalano said.

"He was not feeling well, apparently went to the shower and was found in the shower collapsed when they started CPR (cardiopulmonary resuscitation) on him," she said.

She said Morrison was alive, but unconscious when he was brought to the hospital at 8:44 p.m. EST. He was pronounced dead at 9:03 p.m.

Ricky Diggs, South Carolina's running back coach, saw Morrison just hours before his death.

"He seemed fine. He was upbeat, spirited and so forth," Diggs said. "Racquetball is one of his biggest pastimes when he has the chance to get some exercise. It just came as a big shock to everyone. It never even crossed my mind that anything like this could happen."

Catalano said Morrison had a history of heart problems and previously had been hospitalized for that condition.

He has undergone an angio-plasty procedure, which clears blockage in arteries.

News of Morrison's death moved swiftly throughout the state.

"I don't think anything could have been more devastating than to find out it was the death of Coach Morrison," said associate athletic director Harold White.

"I feel like I've been kicked in the stomach," said assistant athletic director Art Baker.

"All of our athletic family at Clemson, coaches as well as fans, send their condolences to his family and to the family members of the University of South Carolina," said Clemson head football coach Danny Ford. "They have lost an outstanding person, and an outstanding football coach,

one that we have enjoyed competing against on the field and associating with off the field."

Morrison previously coached at Tennessee-Chattanooga and New Mexico. His career record was 101-72-7 over 16 seasons.

He was 39-28-2 in six seasons at South Carolina, including 8-4 in 1988, when he took the Gamecocks to the Liberty Bowl, where they lost to Indiana 34-10.

Morrison was the 1984 Walter Camp national coach of the year after South Carolina went 10-2, losing to Oklahoma State 21-14 in the Gator Bowl.

He was born on Aug. 21, 1937, and grew up in Lima, Ohio. At Cincinnati, he set school records in scoring, passing and rushing and twice was named to the All Missouri Valley Conference team.

At Cincinnati, he led the Bearcats in rushing (467 yards) and receiving (27 receptions for 303 yards) in 1958. He played in the 1959 College All-Star Game, Senior Bowl and North-South All-Star Game.

He graduated from Cincinnati in 1959, was drafted in the third round by the Giants and went on to play 14 years for New York, earning the nickname "Old Dependable" for his clutch play.

He was named Most Valuable Player by the NFL Touchdown Club in 1972, his final season. The Giants that year retired his No. 40.

Morrison is the Giants' all-time leader in receptions with 395 covering 4,993 yards and 47 touchdowns. He gained 2,472 yards rushing in his career on 677 carries, scoring 18 rushing touchdowns.

His 65 career touchdowns rank him fourth in the history of the Giants with 390 points.

"He was such a versatile player," Giants owner Wellington Mara said. "He was the ultimate team player. He would do anything you asked him. Run the ball, catch, play on the special teams, anything."

Morrison began his coaching career at Tennessee-Chattanooga after former Giants teammate Sam Huff recommended him for the job. The Moccasins went 4-7 in each of his first two seasons, then went 5-5-1 in 1975.

Over his final four seasons there, Morrison coached the team to records of 6-4-1, 9-1-1, 7-3-1 and 9-2, respectively, winning the Southern Conference championship three times.

He moved to New Mexico in 1970 and the Lobos went 4-7 in his first two seasons at Albuquerque. New Mexico went 10-1 in 1982, its only loss 40-12 to Brigham Young.

South Carolina hired him on Dec. 5, 1982. The Gamecocks went 5-6 in his first season, then went 10-2 in 1984, rising as high as second in The Associated Press rankings before a 38-21 loss to Navy on Nov. 17. The Gamecocks finished 1988 ranked 11th.

South Carolina was 5-6 in 1985, 3-6-2 in 1986 and 8-4 in 1987, finishing with a 20-16 loss to eventual national champion Miami of Florida and a 30-13 loss to Louisiana State in the Gator Bowl.

In 1988, the Gamecocks won their first six games before losing to Georgia Tech 34-0. South Carolina rebounded to beat North Carolina State 23-7 before a 59-0 loss to Florida State. The regular season ended with a 29-10 loss at Clemson and the loss in the Liberty Bowl on Dec. 28. The Gamecocks were ranked as high as eighth in each of the past two seasons.

Morrison is survived by his wife, the former JeVena Armstrong, a sister, Ann Moeller, and a daughter.

[From the South Carolina State, Feb. 7, 1989]

SPORTS WORLD MOURNS "THE MAN IN BLACK"

The death of University of South Carolina Coach Joe Morrison shocked not only a passionate following of Gamecock supporters but a legion of American football fans who remember his pluck and skills as a professional player.

In addition to his record as a winner, Joe Morrison endeared many with his laid-back, low-key style, a stark contrast to the sometimes flamboyant and evangelistic approach of his predecessors.

After starring as a University of Cincinnati quarterback-running back, the coach toiled 14 years for the New York Giants in the National Football League. The versatile star, known as "Old Dependable" and "Mr. Everything," was team captain seven years, most valuable player three times and performed at eight different positions. His jersey number, 40, was retired. They called him everything from a complete player to one with intensive desire and one of the smartest. "He would do anything you asked him," said Giants owner Wellington Mara. "run the ball, catch, play on the special teams, anything."

It surprised none of his colleagues that this natural coach, would become a Mr. Fixit of bankrupt college programs. He won big at Tennessee-Chattanooga and at New Mexico before taking over Gamecock football fortunes in 1983, bringing national attention to the program not only with his successes on the field but through his legion of friends in the athletic establishment.

At USC, this impassive figure will be remembered in different ways, depending on perspective.

He will be remembered most for establishing a winning program, leading his squads to a 39-28-2 record over six years. Fans will fondly recall 1984 when, in his second year, he took a crowd-pleasing eleven from nowhere to the Gator Bowl and was named national coach of the year.

But he will also be remembered as the man in black who made that color a USC mania. He was the stoic who, at least outwardly, never exulted over a victory or wept about a loss.

He was the man who called his players "young men," not kids, even when some disappointed him by getting in highly publicized scrapes.

Coach Morrison was the man who delegated heavily to his staff and expected performance in return.

A lover of golf, horse racing and car racing, he was criticized by the sanctimonious for his laid-back style and his publicized personal problems, but he always appeared unruffled and the bumper stickers continued to extol him.

He will also be remembered as the man who strolled expressionlessly on the sidelines, a cigarette dangling from his lips. Doctors urged Coach Morrison, who had a history of heart problems, to chuck the habit after he was hospitalized with a heart condition. But he continued to smoke, although he appeared immune to the stress and pressure generated from those unhappy with USC's three losing bowl performances during his tenure and his players' off-the-field antics.

Coach Morrison died Sunday following a game of racquetball, the victim of a heart attack. Although his last season ended on sour notes, he died a winner. He leaves thousands of grieving friends, a program that has reached a zenith and an outstanding football legacy, ranging from high school to professional, from player to coach. He will be remembered as a rebuilder of football fortunes.

THE STATE OF MATHEMATICS AND SCIENCE EDUCATION

Mr. HATFIELD. Mr. President, I rise today to comment on an issue of great importance to this nation—the current state of mathematics and science education in our schools.

The research and development activities conducted in this country are diverse, yet all require a steady supply of scientists and engineers. Since 1976, the demand for scientists and engineers in every sector of the U.S. economy has increased 85 percent, and the Bureau of Labor reports that an average of 138,500 jobs requiring engineering degrees will open in every year between 1982 and 1995.

The problem we face is that our supply of scientists and engineers is declining at precisely the time that demand is rising, thus creating a crisis of great proportions which will stifle our Nation's economic and technological development. Our children are simply not competitive with children of other countries in mathematics and science skills.

Let me share with my colleagues some disturbing statistics. Currently, 67 percent of all elementary school science teachers fail to meet the National Science Teacher's Association's minimum certification requirements. In our Nation's 24,000 high schools, 7,000 offer no physics course, 4,000 offer no chemistry and 2,000 offer no biology. Furthermore, one in three high schools in this Nation do not offer enough mathematics to enable even the best student to enter engineering school. Of the number of university faculty positions available in engineering, 7.5 percent, or 1,500, are currently vacant—most for over a year. The result is that we are producing a new generation of scientifically and technically illiterate citizens during the time when the United States is in the midst of the most important technological revolution since the 18th century.

A recent Washington Post article entitled "Survey of Math, Science Skills Puts U.S. Students at Bottom" further underscores the point. This report concludes that in an international comparison of mathematics skills, foreign students perform at a rate four times higher than American students. In mathematics, 40 percent of foreign students showed an understanding of measurement and geometry concepts, compared to 9 percent of Americans, and 78 percent of foreign students could solve two-step problems such as averaging, compared to 40 percent of American students. Clearly, this

Nation faces a serious challenge in education.

My support for enhanced mathematics and science education activities in our Nation's school systems is widely known. It is easy for anyone to propose badly needed programs: in-service preparation for teachers, technological improvements, stimulating our brightest students to choose careers in science education and others. What is more difficult, however, is for the Federal, State, and local governments to fund these activities. In Oregon, for example, many school districts can graphically illustrate their increasing needs in science education yet are unable to fulfill these demands because of funding deficiencies.

Strong leadership is needed at this crucial juncture; if our children's math and science skills do not improve, our increased technical dependence will be devastating. The Federal Government must define its role and must look to business and industry for cooperation in responding to this emerging crisis. In my view, this issue is one of the greatest challenges currently facing our Nation.

Mr. President, I ask unanimous consent that the aforementioned Washington Post article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SURVEY OF MATH, SCIENCE SKILLS PUTS U.S. STUDENTS AT BOTTOM

(By Barbara Vobejda)

An international comparison of mathematics and science skills released yesterday shows American 13-year-olds scoring at the bottom, with South Korean students performing at high levels in math at four times the rate of U.S. students.

In both math and science, U.S. students also scored worse or no better than students in the three European countries and four Canadian provinces who also participated in the survey.

In math, 40 percent of South Korean students showed an understanding of measurement and geometry concepts, for example, compared to 9 percent of Americans, and 78 percent of South Korean students could solve two-step problems such as finding an average, compared to 40 percent of Americans.

In science, more than 73 percent of the students in South Korea could use scientific procedures and analyze science data—design experiments and draw conclusions, for example—compared to 42 percent of American students.

"Few comparisons are more odious than the ones embodied in this little book," said Bassam Z. Shakhashiri, assistant director for science and engineering education at the National Science Foundation. "The lack of preparation for further education and future employment that these American teen-agers demonstrated is nothing short of frightening."

The report, funded by the National Science Foundation and the Department of Education, compared math and science performance in the United States, South Korea, the United Kingdom, Ireland, Spain, and the Canadian provinces of British Columbia, New Brunswick, Ontario and Quebec. In New Brunswick, Ontario and Quebec, French- and English-speaking populations were assessed separately.

All students were given the same 63 math questions and 60 science questions, translated for non-English-speaking populations. About 1,000 American students participated in the survey, which was based on representative samples in each country.

The study was the latest evidence of low science and math achievement among American youngsters, particularly in contrast to their counterparts in many Asian countries. A 1986 study of fifth graders showed that even the highest-scoring Americans performed below Japanese of all levels. And a national study released last June found that nearly half of American 17-year-olds cannot perform math problems normally taught in junior high school.

Officials at the Educational Testing Service (ETS), which administered the study, tied the results to the nation's future economic position. "It's a pretty accurate prophecy of what the 23-year-olds of 1999 will be able to do," said Archie Lapointe, executive director of the Center for the Assessment of Educational Progress at ETS.

In math, the countries fell into three groups, with South Korean students achieving the highest average score, 568 on a scale of 1,000. The second tier included British Columbia, English- and French-speaking populations of Quebec and English-speaking students in New Brunswick. The third tier included English-speaking students in Ontario, the French-speaking population in New Brunswick, Spain, the United Kingdom and Ireland.

The lowest-ranking teir included French-speaking Ontario and the United States, where the average score was 473.9.

In science, participants fell into three groups, with British Columbia and Korea at the top, and the United States, Ireland and the French-speaking populations in Ontario and New Brunswick at the bottom. The other countries and provinces ranked in a middle tier.

Ironically, when asked if they are good at math, 68 percent of American students agreed, compared to 23 percent of South Korean students.

While the study did not analyze why students in some countries performed better than others, Albert Shanker, president of the American Federation of Teachers, argued at a news conference yesterday that very little science is taught in American elementary schools, and most elementary teachers have very little science background.

The study showed that the more time a student spent watching television, the poorer the performance in math and science. It did not assess whether frequent television watching caused poor performance.

COMMENTS ON THE NCADD YOUTH REPORT

Mr. DOLE. Mr. President, in 1982 President Reagan convened a bipartisan Commission to investigate the problem of drunk driving. He charged this Commission with the task of formulating a national plan of action to combat a problem he termed "a national disgrace." I was one of two Senators privileged to serve on the President's Commission, and much to my satisfaction, the recommendations that we, as a Commission, made have gained widespread approval.

In 1984 I supported the passage of a bill that encouraged States to raise their legal purchase and possession age to 21, and in the past 5 years, I have watched with satisfaction as all 50 States enacted legislation to comply with that bill. Today, a uniform purchase and possession age of 21 now exists nationally, and it has been credited with making a significant contribution to the declining number of youth who die annually in alcohol-related motor vehicle crashes.

A uniform national purchase and possession age of 21 is an important advance in the fight to end drunk and impaired driving by young people. But it is only one measure, and by itself cannot solve the problem. Youthful impaired driving is a complex problem that demands a multidimensional response. Preventive education, effective law enforcement, and alcohol treatment are all vital components of a national strategy to eliminate drunk and impaired driving.

A comprehensive approach was the hallmark of the Presidential Commission's report in 1983, and it is the distinguishing feature of the latest report issued by its successor organization, the National Commission Against Drunk Driving. In its report, entitled "Youthful Driving Without Impairment," the National Commission advocates the adoption of a nine-part model designed to integrate the efforts of parents, teachers, employers, citizen activists, law enforcement agents, judges, and the professional treatment community. As the National Commission's report states, "our best hope of countering the pervasiveness of youth impaired driving lies in formulating an integrated systemwide approach that will present people with a consistent message that under age drinking and impaired driving are intolerable."

Despite encouraging evidence that alcohol-related youth fatalities are declining, young people under the age 21 continue to remain overrepresented in drunk and impaired driving crashes. Although youth under age 21 comprise only 8 percent of the driving population, they accounted for 17 percent of the drivers involved in alcohol-related fatal crashes in 1987. Clearly, greater attention and additional efforts will be required to stop youth for drinking and driving.

The National Commission's report represents a step toward that goal. As a member of the Commission's Board of Trustees, I believe that the report deserves our thoughtful attention and full support. For that reason, I ask unanimous consent that a copy of the report's executive summary be printed here. I urge everyone to read this summary. Copies of the entire report can

be obtained from the National Commission Against Drunk Driving, 1140 Connecticut Avenue, suite 804, Washington, DC 20036. Please join me in supporting the efforts of the National Commission to rid our country of this national disgrace.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

EXECUTIVE SUMMARY

The National Commission Against Drunk Driving, working with a grant from the National Highway Tariff Administration, conducted five public hearings in 1987-88 on the problem of youth impaired driving. From the wealth of testimony gathered in Chicago, Boston, Seattle, Atlanta and Fort Worth, many recommendations were adopted for this report.

A review of the proceedings reveals one paramount conclusion: the time has not arrived yet when we can rest content with what has been done to address the problem of youth impaired driving. Despite the spread of activist groups, the proliferation of programs, and the passage of much-needed legislation, young people continue to drink and drive with alarming frequency. Over the course of the past five years, it has become illegal for youth under age 21 to purchase and possess alcohol in every state. Nevertheless, young people continue to be involved in alcohol-related crashes at disproportionately high rates. A young person under the legal drinking age remains nearly twice as likely to die in an alcohol-related crash as an adult over 21.

Youth impaired driving cannot be solved without addressing the problem of underage drinking. Testifiers at the hearings summarized the situation:

Drinking is endemic among American youth.

Alcoholic beverages remain easily accessible to youth under 21.

Peer pressure encourages young people to drink and leads many adolescents to consider alcohol a necessary accompaniment to social events.

Advertising normalizes alcohol consumption and makes it more difficult to raise concerns about alcohol abuse.

Drinking decreases inhibitions in young people who all too frequently possess a propensity for taking risks and naively believe that they will not be harmed.

The combination of these factors leads to a tragically predictable result: alcohol-related motor vehicle crashes constitute the leading cause of death for youth of driving age.

The NCADD-sponsored hearings confirmed that youth impaired driving is a societal problem which will not be resolved in the short term or by a single approach. Changing the attitude of youth toward impaired driving and, more fundamentally, toward underage drinking requires a sustained coordinated effort. Youth must be presented with the single message from all elements of the community that under-age drinking and impaired driving are socially intolerable.

Testimony repeatedly emphasized the pivotal role parents play in preventing youth inpaired driving. According to a University of Washington survey, parents are the most important influence on a youth's decision not to use alcohol or other drugs. Similarly, when a Michigan State University survey asked high school students what factors would reduce the amount of alcohol they consumed, 70 to 90 percent responded that parental actions such as supervising parties, keeping a closer control over home alcohol supplies, and making a greater effort to discuss their weekend activities would reduce their drinking habits.

Unfortunately, all too many parents have abdicated their responsibilities. Testifiers described encounters with parents who criticized police officers for arresting juvenile DWI offenders, parents who fought protracted legal battles to prevent the revocation of their child's driving license, and parents who, in the face of overwhelming evidence, steadfastly denied the existence of their child's drinking problem. These actions, one testifier noted, not only undermine the efforts of those who work to reduce youth impaired driving but fuel the young person's sense of being victimized by the system.

The reaction of these parents to the enforcement of drinking and driving laws emphasizes the need for education to inform parents about the scope of the impaired driving problem. Findings by Michigan State University researchers confirmed this need: while 60 to 70 percent of parents are convinced that underage drinking occurs, only 20 percent believe that their own children are involved in such behavior. This statistic dramatically illustrates the unwillingness of parents to acknowledge the involvement of their children in underage drinking.

The hearings made it clear that every systemwide approach must combine prevention, deterrence and treatment/intervention. Preventive education for youth must start at an early age, before young people are first confronted with the decision to use alcohol or other drugs. With young people beginning, on a national average, to first use alcohol at 12.8 years of age, education clearly must start in elementary school. It must be designed to provide children with information on alcohol and drug use, but it must also teach them the skills they need to act on that information and resist pressure from friends and family to use alcohol and other drugs.

In providing youth with alcohol education and skills, considerable care should be given to selecting appropriately qualified teachers, for the teacher is the most important variable in the success of the program. These teachers should be good role models, trusted by students, and want to teach the subject.

In addition to maximizing the value of formal classroom instruction, educators should take full advantage of the possibilities of peer education. Testifiers cited numerous examples of programs involving high school youth who volunteer to work with junior high or elementary school children on highway safety and alcohol and drug issues. Like peer education, positive peer pressure has a tremendous potential for altering attitudes about drinking and driving. By banding together to form safety clubs and support groups, youth can encourage their peers to value a health lifestyle and socially-responsible behavior.

The single most controversial topic of the hearings was the safe rides programs. Supporters of safe rides programs contend that intervention is needed in the less-than-perfect world where young people drink illegally and subsequently drive. Advocates of more prevention-oriented approaches emphasized that efforts to counter youth impaired driving must address the underlying problem of underage drinking by emphasizing a no-use approach. In its recommendations, the NCADD recognizes the value of both arguments, acknowledging the need to take positive steps to discourage underage drinking while recognizing the importance of intervention measures that make our highways safer for everyone.

While prevention education is important, it alone is not sufficient to deter youths from drinking and driving. Enforcement is also necessary. Testifiers complained of a lack of enforcement. Both youth and police agreed that young people are not subject to the same level of rigorous enforcement as the older adult population. To increase the effectiveness of enforcement, testifiers suggested that police target youthful impaired driving by focusing their shift schedules and patrols on the hours when most impaired driving offenses by youth occur. Police should also patrol parks, schools, and other neighborhood locations where youth tend to gather. When youth are arrested for drinking and driving violations, they should be subject to the full penalty of the law. Releasing youth to their parents, like downgrading their offenses or diverting them into pre-adjudication programs, conveys the impression to the young offenders as well as to their parents that youthful impaired driving is not a serious offense.

The evidence suggests that communities with the best record of reducing youthful drinking and driving have succeeded by formulating an integrated, systemwide approach. If the hearings revealed one thing, it was that many good programs and successful countermeasures exist. The key is for communities to put all of these elements in place, so that the efforts of students, parents, schools, courts, businesses and police supported one another. Only when all nine components that came under so much discussion during the youthful impaired hearings are put in place can we look forward to significant reductions in the serious injuries and fatalities involving thousands of young Americans. Each community must confront this serious social issue if we are to ensure that this campaign to counter youthful impaired driving is a truly national campaign. No one will admit that this is an easy challenge—but who would deny it is a challenge that every community must accept!

VENTURE CAPITAL GAINS LEGISLATION

Mr. BUMPERS. Mr. President, today I am introducing legislation to restore a modest capital gains tax incentive for venture capital investments, the Venture Capital Gains Act.

I am delighted to be joined in this effort by Senators DECONCINI, DIXON, GORE, INOUYE, SANFORD, DASCHLE, HEFLIN, SASSER, DODD, KERRY, BURDICK, and BOSCHWITZ.

Capital gains is now a bipartisan issue. It is not a Republican issue. Senate Democrats want to debate the capital gains issue on the merits and to join in fashioning a reasonable and effective incentive for capital formation.

I come to the capital gains debate with impeccable credentials.

In 1978 I supported the Hansen-Steiger amendment to reduce the tax rate on capital gains investments.

In 1981 I opposed the proposal to lower the capital gains tax rate from 28 to 20 percent.

In 1982 I opposed the proposal to index the basis of capital gains assets and the proposal to reduce the capital gains holding period from 1 year to 6 months.

In 1984 I again opposed the proposal to reduce the holding period for capital gains from 1 year to 6 months.

In 1987 I first introduced the Venture Capital Gains Act.

In 1988 I again opposed the proposal to index the basis of capital gains assets.

And now in 1989 I am reintroducing the Venture Capital Gains Act.

I have outlined my positions on the capital gains issue to make one point:

I favor capital gains incentive if it is reasonable and effective.

I do not favor an unlimited, wide-open capital gains incentive that breaks-the-bank on Government revenues.

I am moderate and pragmatic on the capital gains issue.

I will stand up and say "enough is enough" and I will take the lead in trying to fashion a reasonable, moderate and pragmatic middle ground.

I support a capital gains incentive that encourages and rewards risky investments, long-term investments and growth-oriented investments.

That is what America needs to compete in international markets.

And that is what the Venture Capital Gains Act would do.

It encourages investments in small business ventures.

It encourages investors to put capital directly into the hands of entrepreneurs.

It encourages investors to seek long-term growth by requiring that the stock be held for at least 4 years.

It discourages investors to make these investments to avoid paying their fair share in Federal income tax. Any gains on the sale of stock are covered by the minimum tax, ensuring that wealthy investors do not reduce their tax liability below 21 percent.

Investments in small business ventures are risky. Startup businesses often fail completely.

There investments are long-term. Few startup businesses generate any dividends in the first 4 years.

These investments are growth-oriented. Every study shows that small businesses account for most of the new jobs created in the United States.

This incentive is needed. We know that small businesses have a very difficult time obtaining the capital they need to grow.

This problem is even worse with the tax reform legislation, which puts a premium on low-risk, short-term, income-producing investments.

Most important this bill provides an incentive for venture capital that is fiscally responsible.

I do not claim that this bill will magically reduce tax rates and increase Government revenue. I am willing to accept the judgment of the Joint Committee on Taxation and of the Treasury Department that this bill loses some revenue.

I opposed the 1981 supply side tax cut. I said then that it was excessive and would lead to deficits that would choke a mule. I was right. You can't cut tax rates without losing some revenue.

But, the amount of revenue which is lost from this bill is affordable. The official estimates are that my bill will lose one-one-hundredth as much revenue as the capital gains proposal advanced by the President during the campaign.

So, if we want to promote investments which will help America compete, we need to focus on the small business ventures which will create tomorrow's technologies, markets, and jobs.

That is what the Venture Capital Gains Act would do.

It takes the whole debate on capital gains back to its roots.

It invites America's investors to become venture capitalists.

I hope that President Bush will revise his campaign proposal and become a venture capitalist himself.

I ask unanimous consent that a chart summarizing the differences between my bill and the President's capital gains proposal, as described during the campaign, be printed at this point in the RECORD.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

COMPARISON OF CAPITAL GAINS PROPOSALS

	Bush campaign	Senator Bumpers
Maximum tax rate	15 percent	21 percent.
Exclusion on gain	Unknown	25 percent.
Holding period	1 yr	4 yrs—Favors long-term investments.
Investments covered	Any capital asset, including stock, real property, and collectibles.	Stock of small business ($100,000,000 paid in capital).
Capital formation	Covers secondary market trading.	Covers only direct investments in new stock issues.
Windfall	Retroactive to past investments, confers huge windfall.	Only applies to new investments, no windfall.
Minimum tax apply	No	Yes, ensuring fairness.
Revenue loss	$40,000,000,000 over 3 yrs..	Less than $500,000,000 over 3 yrs.

INFANT MORTALITY AND CHILDREN'S HEALTH ACT OF 1989

Mr. MITCHELL. Mr. President, I rise today to join my distinguished colleague from New Jersey, Senator BRADLEY, in sponsoring legislation designed to continue the expansion of Medicaid coverage for pregnant women and children.

Over the last several years the Congress has worked diligently to improve access to Medicaid coverage for pregnant women and children. We must continue this important effort as infant mortality remains a critical problem in our society.

The Children's Defense Fund document entitled, "The Health of America's Children", reports that during the 1950–55 period, the United States ranked sixth best on infant mortality among 20 industrialized countries. By the 1980–85 period, the Nation had fallen to a tie for last place among the same countries.

The Institute of Medicine has determined that the most critical step we can take to address infant mortality is to expand access to early prenatal care and services for infants in the first year of life. The IOM determined that quality prenatal care could reduce the incidence of low birthweight babies by 15 percent among white infants and 12 percent among black infants.

They also found that this approach is extremely cost effective; for every $1 spent, $3 would be saved in the first year of the infant's life, and saves up to $11 in total medical expenses over the lifetime of the child.

The legislation we are introducing today will continue to build upon the improvements in services for low-income pregnant women and their children enacted over the last several years.

In the 100th Congress we passed legislation which mandates that States cover all pregnant women and infants up to 100 percent of poverty by July 1, 1990. In the bill we are introducing today, States would be required to cover pregnant women and infants with incomes below 125 percent of poverty as of July 1, 1991, 150 percent of poverty as of July 1, 1992, and 185 percent of poverty as of July 1, 1993.

States must currently extend Medicaid coverage to all children born after September 30, 1983, in families with incomes and resources below State AFDC standards, up to age 7. The legislation we are introducing today would expand upon that mandate to require that States phase-in coverage for children born after September 30, 1989, up to age 18 in families with incomes below 100 percent of poverty.

This legislation includes important provisions which are intended to improve access to pediatrician and OB/GYN services. The bill also includes provisions which will mandate States to provide continuous Medicaid coverage to women 60 days post partum and make the WIC Nutrition Program more accessible to Medicaid-eligible pregnant women and children.

I look forward to working with Senator BRADLEY and others to see that we continue to expand Medicaid coverage for pregnant women and children. Our

commitment to good prenatal care, well baby care and preventive health care for older children, represents a prudent investment which will have a significant and long lasting effect upon the health and future of the Nation's poorest children.

I urge my colleagues to support this important bill.

TRIBUTE TO MAURICE W. "MO" CASTLE

Mr. HEFLIN. Mr. President, it is with great sorrow that I rise today to inform my colleagues of the death of Maurice W. Castle from Mobile, AL. "Mo," as he was affectionately called died of a heart attack on December 1, 1988, at the age of 70.

Mo Castle worked his entire adult life to make Mobile a better place to live. He was respected by all who knew him and the impact he had on thousands of lives in Mobile may never be appreciated fully. He approached each task with incredible vigor whether it was the circuit court, the newspaper, or golf. Mo served with distinction the past 10 years as the Mobile County circuit court clerk. His work as circuit court clerk was characterized by the same tenacity, ability, and knowledge he displayed during his career as a newspaperman.

Mo spent most of his life pursuing his first love, the newspaper business. His nose for news made him incredibly suited for this career. He began his climb up the news ladder at the age of 19, when he joined the Mobile Press Register as a copyboy. From this first job in 1937 until he left the paper in 1978, Mo gained the respect of his superiors and his peers alike. In 1958, he became the city editor for the Mobile Press Register and served brilliantly in this capacity for 22 years.

Mo Castle was an outstanding man and a good friend. He did much to shape opinion in Mobile and ensured that the Mobile Press Register maintained high journalistic standards. True to his sharply honed reporter's instincts, he always kept his eyes and ears peeled for news. He always had reporter's blood and the inherent concern with what goes on in the world and how it affects people. He was a caring person.

Mr. President, Mo's family and many friends will greatly miss his sharp wit and his compassionate manner. Indeed, the entire city should mourn the passing of such a great Mobilian. He tried his best to improve life in Mobile and in my judgment, he always succeeded. I will miss him greatly. I ask unanimous consent that the following articles describing Mo Castle's life be reprinted in the CONGRESSIONAL RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Mobile Press Register, Dec. 4, 1988]

REMEMBERING "MO" CASTLE

(By Ralph Poore)

The death of Maurice W. "Mo" Castle Jr. from a heart attack Thursday struck everyone in The Mobile Press Register newsroom as a personal loss.

Castle was the Mobile County Circuit Court clerk for the past 10 years, but began a newspaper career in 1937 that lasted until 1978.

Castle had retired from his post as city editor of The Mobile Press a year before I joined the Press as a reporter, so I never worked for him. Nevertheless, because so many of the other reporters always had a favorite story about life in the newsroom under Castle, I often felt as though I had been one of his reporters.

Besides, in my time of covering the Mobile County Courthouse beat, Castle often took a lot of time with me to talk about his years at the newspaper and to ask me what was going on in the newsroom now. He was always ready with a news tip and could be counted on to get you through the courthouse maze to the information you needed.

Castle, 19 years old and just out of high school, came to work for The Mobile Press Register in 1937 as a copyboy. The newspaper no longer has copyboys. Long before they ceased to exist, they stopped being called copyboys and were given the name of copy clerks, supposedly dignifying the position.

Their function was to come running whenever an editor yelled "copyboy!" or sometimes just "copy." They were to take the copy that had just been edited to the typesetters. Copyboys also often did all the office "gopher" jobs.

From copyboy, Castle advanced through the ranks to the city editor, a post he held for 22 years.

Castle worked with some of the reporters who have become legends of newspapering in Mobile: Ted Pearson; Ed Lee, who also died earlier this year; John Will, in whose name the Mobile Chapter of the Society of Professional Journalists, Sigma Delta Chi, presents scholarships each year; Maryln Schwartz and others.

Knowing Castle's long history with the newspaper, I naturally turned to him early this year and asked him to write something about his life for the Mobile Register's 175th anniversary special section. His response was overwhelming.

Fortunately, for the history of this newspaper and its place in the history of the city, Castle wrote a long, detailed and interesting account of the people he had known.

Mo, as everyone called him, won't soon be forgotten by the people who put The Mobile Press Register together every day. We all have enough stories to keep telling and retelling for many years to come.

That gives those of us in the newspaper business a sense of continuity and identity with all those who have come before and with all of those who will come in the future.

[From the Mobile Press Register, Dec. 4, 1988]

"MO" TO BE MISSED

Maurice W. "Mo" Castle Jr., who died Thursday of a heart ailment, will perhaps be remembered by the general public as an efficient although low-key Mobile County Circuit Court clerk for the past decade. For those of us fortunate enough to have known him well, Castle will always be remembered as a newspaperman—one of the best ever in Mobile.

Castle was a respected reporter before he began a long stint as this newspaper's city editor prior to his retirement here and subsequent appointment to the courthouse position.

Castle's greatest attributes were his knowledge and love of Mobile and the people who live here and a rare nose for news that he carried with him to his death.

It was especially tragic that Castle, 70, died only about a month before he was to begin a well-deserved retirement which everyone assumed would be spent on area golf courses.

As an integral part of his life for decades, we share the grief and terrible sense of loss experienced by his wife, Lucy Castle; a daughter, Julie Castle of Atlanta; a son, Wilson Castle, a student at the University of Alabama in Tuscaloosa; and two brothers, John H. Castle and Robert "Rick" Castle, both of Mobile.

CIRCUIT COURT CLERK, NEWSPAPERMAN DIES

Maurice W. "Mo" Castle Jr., Mobile County Circuit Court clerk and a longtime newspaperman, died Thursday at a Mobile hospital.

Castle, 70, had a history of heart problems.

He was to retire as clerk of the court when his current six-year term expires in January.

Castle was appointed to the job in 1978 to serve the remaining four years of the term of John Mandeville, who had retired.

He was elected without opposition to a full six-year term in 1982.

Castle was city editor of The Mobile Press Register from 1956 until his court appointment.

Castle joined the Press Register in 1937 as a copy clerk and a year later became a reporter. He served in the U.S. Army Air Force from 1942-45, worked at Brookley Air Force Base after being discharged and returned to the newspaper in 1947 as a reporter covering the courts.

During his career, Castle covered the police beat, city hall, waterfront, school board and federal offices.

"He was a loyal, dedicated employee. He had the best contacts with the news sources in Mobile that we've ever had. He was loyal and dedicated and a good newspaperman," Mobile Press Register publisher William J. Hearin said.

"He was a true professional," said Press Register executive editor Tom Taylor, who worked with Castle for more than 20 years. "He knew this town like the back of his hand, and his contributions, both as a newsman and court official, were many."

Mobile County Circuit Judge Douglas Johnstone said Castle was "an outstanding clerk who promoted harmony in the office."

Johnstone said Castle had "high standards of careful record keeping and filing and provided efficient service to the public."

"He was a wonderful newspaperman before he came to us," added Johnstone.

"He was a fine public servant who did an excellent job as clerk of the court," commented Judge Michael Zoghby.

"We at the courthouse will miss his smiling face and jovial laughter, as well as his expertise as clerk of the court," added Zoghby.

Castle was an avid golfer, with the distinction of being the only person who has had a

hole-in-one on each of the four par three holes of Spring Hill College golf course.

Castle got his first two aces within five days of each other in 1964. He got his third ace about a year later and the fourth in 1983. He also had a fifth hole-in-one at Gulf Pines golf course.

He is survived by his wife, Lucy Castle; a daughter, Julie Castle of Atlanta; a son, Wilson Castle, a student at the University of Alabama in Tuscaloosa; and two brothers, John H. Castle and Robert "Rick" Castle, both of Mobile.

The family suggests that memorials be made to Trinity Episcopal Church.

Funeral arrangements will be announced.

Funeral services will be held Saturday morning Dec. 3, 1988 from Trinity Episcopal Church.

TRIBUTE TO JAMES R. McADORY, JR.

Mr. HEFLIN. Mr. President, it is with great sadness that I rise today, to inform my colleagues of the recent death of Mr. James R. McAdory, Jr., from Birmingham, AL, at the age of 67. He had worked for the Birmingham News for almost 40 years before his retirement in 1986.

James McAdory, Jr., was an intelligent and talented man who left a wide trail of influence on Birmingham. He touched thousands of lives for not only was he a respected newspaper man but also a devoted church goer. He cared greatly about people and his attitude shone through in both his editorials and in his personal life.

James knew the Birmingham News and the newspaper business inside-out. His four decades with the paper saw him rise from copy clerk to editorial page editor. In between, his quest for learning was fulfilled in positions ranging from reporter to assistant managing editor. His devotion and personal curiosity guaranteed that he would succeed at all posts.

While James graduated from Birmingham-Southern College, his thirst for knowledge followed him throughout his life. He was widely known as one of the most informed and politically astute people in the State. As a conservative, he remained particularly interested in those issues he editorialized in the paper, such as the national defense and the national debt.

Like many others of his caliber, James was not content to give of himself only through his career. He was involved in community activities and especially in his church. James played an active role in St. Luke's Episcopal Church. He was a eucharistic minister and a lay Scripture reader. He was also committed to helping others and taught religious education classes to adults in his church.

James R. McAdory, Jr., made a profound impact on life in Birmingham. His memory will be cherished by his family and by all those whose lives he touched. He was a good friend and I will miss him greatly.

Mr. President, I ask unanimous consent that an article telling of James R. McAdory, Jr.'s accomplishments be reprinted in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

RETIRED NEWSMAN McADORY DIES AT 67

James R. McAdory, Jr., retired editorial page editor of *The Birmingham News*, died Tuesday at age 67 after a lengthy illness.

McAdory, of 4120 Churchill Circle in Birmingham, worked for *The News* for almost 40 years, rising from copy clerk to reporter to several editing positions before taking over the editorial page in 1972.

That position came in a swap with Editor James E. Jacobson, who filled McAdory's post as assistant managing editor in 1972.

Tuesday night, Jacobson described McAdory as "a man of high principle and strong opinions who didn't hesitate to speak out on them."

Other co-workers described McAdory, a graduate of Birmingham-Southern College, as intelligent and well-read on the issues he addressed as a conservative on the papers' editorial page.

Charles Brooks, who worked under McAdory as editorial cartoonist, said he enjoyed discussing his cartoon ideas with McAdory.

"Invariably he would surprise me with his knowledge about whatever subject came up," Brooks said.

In particular, McAdory kept current on defense issues, and in later years he emphasized the need to reduce the United States' national debt, Brooks said.

He said McAdory gained recognition across the state, and politicians frequently sought his advice on issues.

Retired *News* political reporter Al Fox said McAdory while assistant managing editor could remain easy-going while conveying a tough message to a reporter.

McAdory listened to reporters' ideas about news coverage, Fox said. "Most of the time, you'd have your day in court. Then when he said, 'My way,' you knew it was 'My way.'"

Brooks said McAdory talked often of his family—his wife Addie Lee, son James R. McAdory III, and daughter Carmen Angela McAdory.

After his retirement in November 1986, McAdory planned to donate a kidney to his daughter, but a medical examination revealed his illness, said McAdory's minister, the Rev. John Claypool of St. Luke's Episcopal Church.

Claypool, the rector of the church, said McAdory's daughter recently received a kidney and pancreas from another donor.

Before his illness, McAdory taught adult religious-education classes in the church and served as a lay Scripture reader and eucharistic minister, Claypool said.

Claypool visited McAdory several times after coming to the church in June 1987.

"He was very patient and courageous," Claypool said, "He bore his suffering with a lot of dignity."

The funeral is scheduled for 1 p.m. Thursday at the church, with burial in Ridout's-Southern Heritage Cemetery.

TRIBUTE TO DR. WINSTON A. EDWARDS

Mr. HEFLIN. Mr. President, I rise, today, with great sorrow to pay tribute to Dr. Winston A. Edwards of Wetumpka, AL, who died on November 1, 1988. Dr. Edwards was one of the last of a disappearing breed—the country doctor.

Dr. Edwards devoted his entire life to medicine and to serving others. He was truly a doctor from the old school. He honed his medical skills in World War II before returning to begin practicing at home. He was a talented and respected doctor whose shining reputation always preceded him.

In many areas, a kind of mystique surrounds the lives of this Nation's healers. They represent pillars of the community and wield a type of influence not unlike the power of religion. Dr. Edwards was this type of doctor. He was not always gentle with his patients and never recommended the easy remedy unless it was also the best remedy. But he had a heart of gold and loved everyone. He knew most people in Wetumpka and was the team doctor for the Wetumpka High School football team for decades.

Doctors are often judged by what position they reach in the medical hierarchy. As chief of staff of Elmore County Hospital, Dr. Edwards definitely succeeded by this standard. However, in my judgment, any discussion of a doctor's ability must also consider compassion. In this light, Dr. Edwards' greatness shone even brighter than before. He genuinely cared about people—all people. He never charged a minister and financial restrictions disappeared when patients walked through his door. All his patients received the same attention even if they were poor and unable to pay their bills. He was truly the model doctor—always ready to serve his community rather than ready for the community to serve him.

Mr. President, Wetumpka has lost one of its most outstanding citizens. Dr. Winston A. Edwards' death will be remembered for years but his life for even longer. He was a trusted friend and talented doctor. He will be missed by all who knew him.

TRIBUTE TO DR. JOHN W. NIXON

Mr. HEFLIN. Mr. President, I am filled with sadness, today, as I inform my colleagues of the death of Dr. John W. Nixon of Birmingham, AL, at the age of 66. Dr. Nixon was an incredible man with many diverse talents and abilities. He was very prominent in Birmingham as a civil rights leader, as a dentist, and as an actor. Dr. Nixon touched thousands of lives and his death was a great loss to all of his friends and family.

Dr. Nixon was not a man who could be easily confined by the artificial boundries that often define groups. He represented the good in each of the groups but went beyond the limita-

tions often associated with them. He was a successful dentist but still managed time for a grueling acting schedule. He was a leader in the civil rights movement as well as a successful businessman. His broad range of interests always brought a fresh outlook to his pursuits and constantly kept him busy.

Dr. Nixon was never one to remain satisfied with the status quo. He had the ability to imagine unconventional ways to challenge these seemingly entrenched ideas. He was born in Lakeland, FL, but moved to Birmingham in 1951, starting his dental practice. He soon began his rise to prominence which would earn him election as president of the NAACP during much of the stormy period of the 1960's racial turbulence. His steady leadership and firm guidance were definitely responsible for much of that organization's success at the time. He also helped ease racial tensions in the city through his involvement with Operation New Birmingham during the 1960's.

In addition to his dental practice and his civil rights work, Dr. Nixon was very involved in the community. He took an active role in the Sixth Avenue Baptist Church and was an associate minister there.

Much of Dr. Nixon's recent exposure came from his acting. His performances broke many racial barriers in Alabama theater including when he played the title role in "Othello" while all the other principals were white. He also ranked among the leading actors from the UAB Town and Gown Theater. He acted in numerous films with his best role coming in the 1986 film, "North and South II." Perhaps his most influential and lasting impact on theater will come from his work on "Speak of Me As I Am." This show, which Nixon began, will be featured in the February Smithsonian Institution celebration of Black History Month. The show has grown from the original one-man cast to a cast of 16 and is a credit to Dr. Nixon's great talent and ingenuity.

Dr. Nixon influenced thousands of people and provided an example for those who wish to make life better. His is not a visible legacy outside of his work in movies and plays, but a legacy of hope. It is this hope which he instilled in all he knew which has made Birmingham a better place and which will influence people he knew for years to come.

Mr. President, I ask unanimous consent that an article and editorial describing Dr. John W. Nixon's accomplishments be printed in the RECORD following these remarks.

There being no objection, the materials was ordered to be printed in the RECORD, as follows:

[From the Birmingham News, Dec. 20, 1988]

DR. NIXON, CIVIL RIGHTS LEADER, DIES

(By Doug Demmons)

Birmingham dentist, civil rights leader and actor Dr. John W. Nixon died Monday at University Hosptial after a brief illness. He was 66.

In a real life as varied as the characters he portrayed on stage, Dr. Nixon left his mark from the front lines of the local civil rights movement to his role in the television movie *North and South II.*

A native of Lakeland, Fla., Dr. Nixon came to Birmingham in 1951 to begin practicing dentistry and soon gained prominence as president of the Alabama NAACP during much of the turbulent 1960s.

"He has always been a most articulate person. He was always gifted in that way," said the Rev. Abraham Woods, president of the Birmingham Chapter of the Southern Christian Leadership Conference. "He certainly brought credit to the leadership of the NAACP in those days."

Dr. Nixon said in a 1986 interview that acting was his childhood love, but practicality steered him to dentistry.

"My mother died when I was around 6, but I remember how theatrical she was. On Halloween, she would dress up in those wonderful costumes that she must have made herself and walk through the quarters and I walked with her," he said. "My stepmother was a teacher who was very much into poetry. By the time I was in college I considered myself quite a song-and-dance man."

Dr. Nixon said that after a college theatrical performance he was ready to devote full time to acting, but a chemistry professor said "I could starve to death in theater, but he had never heard of a dentist starving to death."

Dr. Nixon attended Union Academy in Bartow, Fla.; Bethune Cookman College, Fisk University and Meharry Medical College.

He helped organize Citizens Federal Savings and Loan Association and has been an associate minister at Sixth Avenue Baptist Church.

In 1976, he was appointed to the National Advisory Dental Research Council of the National Institutes of Health. He also has served on the state Board of Pensions and Security and as a member of the President's Cabinet at the University of Alabama.

As an actor, Dr. Nixon earned his biggest role in 1986 in *North and South II.* His other film credits include *The Bear, Benny's Place* with Lou Gossett, *For Us The Living,* James Baldwin's *Go Tell It On The Mountain,* and *Charlotte Forten's Mission* with Melba Moore.

Locally, Dr. Nixon was a leading actor at UAB Town and Gown Theater, said theater director James Hatcher.

"He made history in the performing arts in Alabama when he played the God role in an integrated performance of *J.B.* and again when he played the title role in *Othello* with all of the other principals being white," Hatcher said.

Dr. Nixon also began a one-man dramatic performance of black speeches, poems and compositions called *Speak of Me As I Am.* The show, now in its fourth year, has grown to a cast of 16 and will be featured by the Smithsonian Institution in its celebration of Black History Month in February.

"He had great dignity," Hatcher said. "He was a very imposing figure, both physically and vocally. He used his magnificent voice with great variety. It could be caressing. It could be inspiring. It could be thundering and heroic."

One of his sons, John Nixon Jr., said his father loved people and "was colorblind. He loved white people as much as black people, and anyone else.

"He loved the arts, and he loved dentistry," he said. "Most of all, he loved Birmingham. He was very proud of the city."

Nixon Jr. said his father was proud and supportive of Operation New Birmingham, which helped build a bridge between the white and black communities in the 1960s.

Visitation will be at 7 p.m. Wednesday at Sixth Avenue Baptist Church on Martin Luther King Jr. Drive. Funeral will be at 1 p.m. Thursday at the church, with burial at Elmwood Cemetery, Roberts directing.

Dr. Nixon is survived by two sons, John W. Nixon Jr. of Birmingham and Carl Henry Nixon of Houston, and a daughter, Melba Haley Nixon of Houston.

[From the Birmingham News, Dec. 20, 1988]

JOHN NIXON

Dr. John W. Nixon, who died Monday, was a man who filled many roles in his productive life. He was a dentist, a businessman, a civil rights leader, a civic leader and an actor. And he was successful in each field.

Born in the segregated South of 66 years ago, the Lakeland, Fla., native lived to see many, although not all, of the racial barriers fall in his adopted home of Birmingham and across the country—a process he hastened through his own efforts.

When Nixon came to Birmingham in 1951 to establish his dental practice, he could have chosen to blend quietly into the basically comfortable, although restricted, life enjoyed by black professionals of the era.

Instead, he became an advocate of change, joining the modern civil rights movement in its infancy and serving as president of the Alabama NAACP for several years in the 1960s.

During the past several years, Dr. Nixon took time from his many professional and civic activities to engage in his first love of acting, with more success than most would-be actors achieve in a lifetime.

But—perhaps without even realizing it—Nixon did more than become a successful dentist, businessman, actor and civic leader. He did more than leave his community a better place than he found it.

He became an example of a person who could move easily across the artificial boundaries of race and economic class, making friends wherever he went. Not all leaders can do that.

Dr. John W. Nixon will be missed.

TRIBUTE TO JEANETTE EDWARDS BARRETT

Mr. HEFLIN. Mr. President, I rise with great sadness, today, to inform my colleagues of the death of a great Alabamian—Wetumpka Mayor Jeanette Edwards Barrett on November 28, 1988. She became Wetumpka's first female mayor when she won her first term in 1984 and had just won reelection to a second term by an overwhelming 4-to-1 margin.

Mayor Barrett had come to be viewed as a very caring and effective mayor. Her dedication and spirit have inspired council members and the citizens alike. Before her election as

mayor, Jeanette had served a 4-year term on the Wetumpka City Council and this experience obviously prepared her well for the job of mayor. In both jobs, she concentrated on improving life in Wetumpka rather than on personal acclaim.

Jeanette Barrett represents the type of public servant for whom we should all be thankful. She firmly believed in Wetumpka and led the efforts to attract new industry and jobs to the town. Mayor Barrett was a devoted woman who made a difference in each of her endeavors. This devotion can be seen in both her public life and her private life where she was a member of the First Baptist Church for 30 years and a gifted Sunday school teacher.

Mayor Barrett was a fine woman and an outstanding mayor. Her many talents and abilities will be sorely missed by Wetumpka and by all of Alabama. She has set a level of excellence against which all Wetumpka mayors will be judged.

Mr. President, I ask unanimous consent that these articles describing Mayor Barrett's accomplishments be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Montgomery (AL) Advertiser, Dec. 1, 1988]

JEANETTE BARRETT

The dedication of Saturday's Christmas on the Coosa holiday celebration to the memory of Jeanette Barrett is a fitting tribute to the woman who thought up the event.

Mrs. Barrett, elected mayor of Wetumpka in 1984, died Monday. A former state employee who was acting director of the Alabama Historical Commission before she went into local politics, Mrs. Barrett originated the concept of the boat parade and fireworks show which draws 30,000 people each December.

She concentrated on attracting new jobs and industry to the river town she served as chief executive. Wetumpka's first female mayor, she was so well regarded that she was re-elected by a 4-1 margin this year.

Jeanette Barrett, the kind of public servant who makes a difference in government, will be remembered fondly by those officials with whom, and those citizens for whom, she worked.

[From the Montgomery (AL) Advertiser, Dec. 1, 1988]

FRIENDS, FAMILY REMEMBER BARRETT

(By Laurie Wood)

WETUMPKA.—Hundreds of relatives, friends, co-workers and Alabama officials gathered Wednesday afternoon to remember Jeanette Edwards Barrett, Wetumpka's first female mayor, as a dedicated woman who loved her family and friends and spent her last years striving for what she believed was best for her city.

Mrs. Barrett, 65 died Monday night at Baptist Medical Center after battling cancer for several years. She was re-elected in August to a second term as mayor.

Services were held at the First Baptist Church were Mrs. Barrett was a member for some 30 years. The Rev. James Sexton, pastor of the church officiated.

He asked the congregation to recall personal memories of Mrs. Barrett.

He remembered her as a virtuous woman who loved her family and the city of Wetumpka and who could be strong-willed in her beliefs but wanted only the best for her city.

Lining the church rail were flowers shaped in the insignia of the Wetumpka Volunteer Fire Department placed by members, along with a "badge" of flowers from the Wetumpka Police Department and a floral arrangement presenting Wetumpka's coat of arms from city employees and officials.

City department heads served as pallbearers and the five city councilmen were honorary pallbearers.

Among those who packed the sanctuary were Tuskegee Mayor Johnny Ford. Uniformed members of the Wetumpka Police Department attended the service, as did several Alabama State Troopers and state game wardens, Members of the Wetumpka volunteer Fire Department, Millbrook Police Chief Don Buzbee and Chief Eddie Tullis of the Poarch Band of Creek Indians also were present.

State troopers and Wetumpka police led the funeral procession to Mount Hebron West cemetery in the Elmore community, where Mrs. Barrett was buried.

The Wetumpka City Council will meet at 4:30 p.m. today to appoint a new mayor to finish Mrs. Barrett's four-year term.

[From the Montgomery (AL) Advertiser, Dec. 1, 1988]

WETUMPKA TO APPOINT NEW MAYOR

(By Laurie Wood)

The Wetumpka City Council will meet later this week to appoint a new mayor to finish the unexpired four-year term of Jeanette E. Barrett. Mrs. Barrett, 65, died Monday night, slightly more than three months after she was elected to a second term.

Traditionally, a new mayor is appointed from among the five city council members. But a private citizen with no political connections could be selected as long as he or she has lived within the city limits for 90 days, a city councilman said.

A time and date for the meeting had not been announced Tuesday.

If Mayor Pro Tempore Marion Sanford, who is serving as acting mayor, is named mayor, another mayor pro tempore will be selected from the remaining four councilmembers. If named mayor, Mr. Sanford cannot vote for the new mayor pro tempore.

The appointment of a new mayor pro tempore would come at the next scheduled council meeting, which will be Monday at 7 p.m.

If one of the other four councilmembers is named mayor, the council will appoint someone at a later time from the chosen councilmember's district to fill the vacant council seat, said Jack Wood, councilman for District 4.

The mayoral appointment does not require unanimous approval of the council.

No special elections will be held to decide the new mayor or a replacement councilmember, city officials said.

Early this year, Bill Sahlie was appointed to fill the vacancy created when Dick Landers moved outside the city limits and was disqualified from holding a council seat. In September 1986, former Councilwoman Blanton Noland, who did not run for re-election this year, was named to fill her husband's council seat following his death.

Mrs. Barrett's funeral will be held at 2 p.m. today at Wetumpka's First Baptist Church with the Rev. James Sexton officiating. Burial will follow a Mount Hebron West cemetery.

Wetumpka City Hall will be closed from noon today until 8 a.m. Thursday. Black funeral bows were placed on the front doors of the building Tuesday, and the United States flag was lowered to half-mast in Mrs. Barrett's honor.

All activities at Saturday's Christmas on the Coosa celebration will be dedicated to Mrs. Barrett, said Alma Leak, chairwoman of the Christmas on the Coosa committee. Mrs. Barrett originated the idea for the annual event, now in its fifth year. It drew an estimated 30,000 visitors to the city last year.

REMARKS OF SENATOR KASTEN ON PROSPECTS FOR CONTINUED ECONOMIC GROWTH

Mr. MACK. Mr. President, I call to the attention of the Senate a recent speech by my good friend and colleague Senator BOB KASTEN on the prospects for continued economic growth.

I share Senator KASTEN's optimistic view of our Nation's economic future. There is absolutely no reason for this economic expansion to end—unless the Federal Government puts it to an end with misguided policies like a tax increase and high interest rate monetary policy.

Congress must face up to the fact that tax increases don't come free of charge. Tax increases impose real costs on our economy that can be measured in lost jobs, lost growth, lost productivity, and lost opportunities. The Federal Reserve should realize what is obvious to most American families: economic growth and job creation is good for America. Putting more Americans to work does not cause inflation. Thus, the Fed should stop encouraging the rise in short-term interest rates.

Mr. President, we must avoid this demand-side, Keynesian policy retreat and advance a progrowth, supply-side policy offensive. I believe that the most important way that we can spur economic growth is to cut the capital gains tax rate. In his speech, Senator KASTEN proposes an innovative approach that he hopes will serve as a good legislative vehicle to accomplish the goal of bringing down the capital gains rate.

I ask unanimous consent that Senator KASTEN's speech to the Citizens for a Sound Economy Conference be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

ADDRESS: CITIZENS FOR A SOUND ECONOMY

(By Sen. Robert W. Kasten, Jr., January 25, 1989)

Thank you very much. It's good to be among friends—among men and women who understand that a sound, job-creating economy ought to be the number one priority on America's political agenda.

If you believe the so-called "conventional wisdom" in this town, you'd think that jobs don't really matter, that economic growth isn't really important. You'd actually come to believe that the well-being of the American economy, and the integrity of our national spirit, depended on one key factor: the elimination at all costs of the Federal budget deficit.

Now, I'm not about to tell you that the budget deficit doesn't matter, or that we can safely ignore it without eventual peril to our productive economy. But what I will tell you—and I'm sure Phil Gramm and Richard Rahn have already touched on this point—is that our budget is on the road to balance as long as we don't decide to raise taxes.

One of the easiest ways we can avoid bringing this budget into balance in the next few years is by choking off our revenues at the source. And the way to do that, of course, is by saying "Damn the torpedoes, let's raise taxes!"—and never mind the consequences.

The basic mistake of the tax increase proponents has been their assumption that tax increases somehow come free of charge. Many of them believe that a taxpayer dollar languishing in someone's pocket has no higher calling than to help reduce Washington's deficit.

But the plain truth is that each extra dollar that is diverted away from the productive economy and toward the public sector comes at a terrible cost—a cost we can measure in lost growth, lost jobs, lost productivity, and lost opportunities for many Americans who really need them.

What we ought to do—those of us who are concerned about the future of the American economy—is step back and look at the broad canvas of that economy, define our goals for it, and work on approaches that will make sure those goals are achieved.

The economy can be compared to a large machine that produces goods and services. How it treats us—and especially the most economically needy among us—depends entirely on how we treat it.

The basic question we should be asking ourselves is, What kind of a nation are we?

Do we prize the most creative and innovative people, the investors and the savers, the ones who create our nation's stock of wealth? Or are we afraid of what happens when men and women are free to create and produce to the limits of their potential?

To the extent that we Americans have succeeded in creating a good life for our people, and in establishing a just and happy social order—we have succeeded because we have had a truly free economy: free to produce, free to create, and free to open up ladders of opportunity to ever-expanding circles of citizens.

We really ought to stop concentrating so much on issues like the budget deficit, and start listening to the voices of the real economy—the voice of the entrepreneur trying to start a new business; the voice of the small business woman looking for a decent interest rate; the voice of a young parent trying to save for a child's education; the voice of the factory worker struggling to compete in a high-tech economy.

What these voices are saying is, we have real needs—needs upon which the future of America depends. They are saying, if you in Washington continue to suffer from a kind of "tunnel vision" obsession about the deficit, we're not going to be able to meet some real threats and challenges.

The chief danger, I think, in being deficit-obsessed is that many widely-hailed "solutions" to the deficit focus our attention on the demand side of the economy just when we ought to be concentrating on the supply side. The demand-side, Keynesian policy proposals—like high taxes and high interest rates—are hindrances to the real-life voices of the supply-side economy. In tending toward recession, they threaten the very roots of our national well-being.

The Federal Reserve Board should admit once and for all that "Growth is Good." Putting more people back to work does not cause higher inflation. In this decade, we've seen the abolition of the Phillips Curve trade-off between inflation and unemployment, because both have fallen simultaneously. The Fed's almost perverse attitude on this subject only serves to prop up short-term interest rates—making it even more difficult to bring down the deficit.

Comments by Fed officials to the effect that interest rates cannot come down until Congress brings down the deficit are equally unhelpful. As long as the conventional wisdom refuses to admit that tax revenues are growing, any plea for deficit reduction is automatically transformed by the financial markets into a tax-increase ultimatum.

It is wrong—just plain wrong—to hold America's monetary policy hostage to a tax increase. The Fed should pursue its monetary policy independent of Congress' fiscal policy.

Unless the Fed reverses its policy of encouraging the rise of short-term interest rates, we may be in danger of recession by the end of the coming year. I can't stress this strongly enough. I'm optimistic about the economy and its overall strength and resiliency—but believe you me, there won't be much give left if the Fed keeps on raising short-term rates.

Congress ought to be paying a lot more attention to the things we can do to promote productivity growth. Enhancing the nation's productivity—the output per man hour—is the major challenge that we face in the 1990s. It's the key to higher living standards, international competitiveness, job opportunities—and even deficit reduction.

The most important way that Congress can boost our nation's productivity is by reducing the tax rate on capital gains. Earlier today, I introduced a bill in the Senate called the Entrepreneurship and Productivity Growth Act—a bill which offers a new approach to capital gains reform.

The bill also serves as a solution to the partisan impasse forming over President Bush's proposal to cut the tax rate on capital gains to 15 percent—and I hope this bill will help bring the issue of capital gains to the forefront of the economic debate, where it belongs.

The bill contains three major elements. First, it reduces the tax rate on capital gains. Under this bill, assets held for more than twelve months would be eligible for a 50-percent exclusion from ordinary income—effectively reducing the tax rate on those gains to 14 percent for taxpayers in the 28-percent bracket, and to 7.5 percent for those in the 15-percent bracket.

Second, it targets the new incentive to *equity investment.* The capital gains differential would only apply to investment in equities—direct investment in stock and purchases of stock sold by other investors. Sellers of collectibles and real property would not benefit from the exclusion.

Third, the bill indexes capital gains for inflation. For years in which inflation exceeds four percent, the capital gains would be indexed using the GNP deflator. Inflation would be measured from the time the assets are purchased until the time they are sold.

This bill seeks to restore the focus of economic policy back to the supply side. Lower capital gains rates are the spark of business innovation, technological advancement, job creation and GNP growth. What we do to promote the realization of lower capital gains rate is a useful indicator of the kind of society we are: How important is it to us to promote investment in our productive potential, in our economic future?

We can't honestly declare ourselves to be committed to economic growth if we remain unwilling to promote savings and investment in this way. Our chief trading partners realize how helpful it is to keep capital gains taxes low—most of them actually have a zero percent capital gains rate.

If we bring our effective rate down to 14 percent, we'll be increasing the availability of start-up capital for the high-risk, growth-oriented small businesses that account for so much of our economy's job creation. We would restore the interest of our financial markets in long-term equity investment, and correspondingly take it away from short-term gains—like those available through investment in junk bonds and commodity options.

Our economy has great resources. Cutting the capital gains rate will free those resources up by increasing the mobility—and therefore the efficiency—of capital. When capital starts to flow from existing companies to new companies and growing businesses, we'll be able to measure the result in job creation and increased productivity.

Indexing is a very important element of this bill. I think it's fundamentally unjust to tax holders of capital assets—like homes, land, and family farms—on purely inflationary gains. Many liberal economists, including Joseph Pechman and Alan Blinder, support indexing of capital gains.

Some of my Democrat colleagues, however, are concerned that indexing would be a revenue loser. But under CBO's projected inflation rates for the next five years, there will be virtually no static revenue loss from this provision.

It might then be asked, What is the point of indexing above 4 percent when inflation doesn't reach that high?

The answer is simple. We want to start off with a four percent trigger to address concerns about potential static revenue loss from full indexing. Then, as the economy booms thanks to the new capital gains differential, we hope to reduce and eventually eliminate the inflation trigger.

President Bush won last November's election on the issue of taxes. He said we should bring down the capital gains rate to 15 percent. I think that the bill I'm proposing will prove a good legislative vehicle to accomplish this goal, because it addresses a number of concerns our Democrat friends have about certain aspects of an across-the-board capital gains cut.

In 1987, I introduced a bill to cut the capital gains tax to 15 percent. A number of my Senate colleagues objected. They said, "Bob, we want to promote economic growth just as much as you do. But this bill doesn't do

that—it declares open season for tax shelters all over again, and tells people to start hiding all their money in paintings and gold coins again."

They were right, at least about one thing. Congress ought to be in the business of promoting high-risk, growth-oriented investment, not tax shelters and collectibles trading. That's why I've restricted the capital gains differential in my new bill to investment in equities—equities that promote productivity and GNP growth.

And this rising GNP growth means *higher* tax revenues for the Federal government. Even CBO admits—and this is a quote—that "lower tax rates on gains could increase savings and capital formation, and channel more resources into venture capital." What CBO failed to recognize, though, is that this increased capital formation, and especially new investment in venture capital, means that the entire tax base will grow even faster—and boost overall revenues.

I want to convince the Bush Administration to make this new approach to capital gains a major priority of its first hundred days. Let's remember the optimism and dedication to the future that have marked us for centuries as Americans—and work together to promote this and other new departures for a growing economy.

I look forward to working with you to advance these legislative proposals. Thank you.

MESSAGES FROM THE HOUSE

At 2:18 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following joint resolution, in which it requests the concurrence of the Senate:

H.J. Res. 129. Joint resolution disapproving the increases in executive, legislative, and judicial salaries recommended by the President under section 225 of the Federal Salary Act of 1967.

The message also announced that the House has agreed to the following resolution:

H. Res. 3. Resolution authorizing appointment of two Members on the part of the House to join with a like committee on the part of the Senate to inform the President of the United States that a quorum of each House is assembled.

The message further announced that pursuant to section 8002 of the Internal Revenue Code, the chairman of the Committee on Ways and Means designates the following members of that committee to serve on the Joint Committee on Taxation during the 101st Congress: Mr. ROSTENKOWSKI, Mr. GIBBONS, Mr. PICKLE, Mr. ARCHER, and Mr. VANDER JAGT.

ENROLLED BILL SIGNED

At 5:46 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the Speaker has signed the following enrolled joint resolution:

H.J. Res. 129. Joint resolution disapproving the increases in executive, legislative, and judicial salaries recommended by the President under section 225 of the Federal Salary Act of 1967.

The enrolled joint resolution was subsequently signed by the President pro tempore [Mr. BYRD].

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-440. A communication from the Director, Federal Emergency Management Agency, transmitting, pursuant to law, the Agency's annual report on competition; to the Committee on Governmental Affairs.

EC-441. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-303, adopted by the Council on December 12, 1988; to the Committee on Governmental Affairs.

EC-442. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-302, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-443. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-301, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-444. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-300, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-445. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-299, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-446. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-298, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-447. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-297, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-448. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-296, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-449. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-295, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-450. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-294, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-451. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-293, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-452. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-292, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-453. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-291, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-454. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-290, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-455. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-289, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-456. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-288, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-457. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-287, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-458. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-286, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-459. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-285, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-460. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-259, adopted by the Council on November 29, 1988; to the Committee on Governmental Affairs.

EC-461. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-257, adopted by the Council on November 29, 1988; to the Committee on Governmental Affairs.

EC-462. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-258, adopted by the Council on November 29, 1988; to the Committee on Governmental Affairs.

EC-463. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-256, adopted by the Council on November 29, 1988; to the Committee on Governmental Affairs.

EC-464. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-255, adopted by the Council on November 11, 1988; to the Committee on Governmental Affairs.

EC-465. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-254, adopted by the Council on November 11, 1988; to the Committee on Governmental Affairs.

EC-466. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-253, adopted by the Council on November 29, 1988; to the Committee on Governmental Affairs.

EC-467. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-252, adopted by the Council on November 15, 1988; to the Committee on Governmental Affairs.

EC-468. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-251, adopted by the Council on November 15, 1988; to the Committee on Governmental Affairs.

EC-469. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-250, adopted by the Council on November 15, 1988; to the Committee on Governmental Affairs.

EC-470. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-249, adopted by the Council on November 15, 1988; to the Committee on Governmental Affairs.

EC-471. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-245, adopted by the Council on October 11, 1988; to the Committee on Governmental Affairs.

EC-472. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-244, adopted by the Council on October 11, 1988; to the Committee on Governmental Affairs.

EC-473. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-243, adopted by the Council on October 11, 1988; to the Committee on Governmental Affairs.

EC-474. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-242, adopted by the Council on September 27, 1988; to the Committee on Governmental Affairs.

EC-475. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-241, adopted by the Council on September 27, 1988; to the Committee on Governmental Affairs.

EC-476. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-281, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-477. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-280, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-478. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-279, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-479. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-277, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-480. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-276, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-481. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-275, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-482. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-274, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-483. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-273, transmitting, pursuant to law, copies of D.C. Act 7-273, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-484. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-271, adopted by the Council on November 29, 1988; to the Committee on Governmental Affairs.

EC-485. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-265, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-486. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-264, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-487. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-263, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-488. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-240, adopted by the Council on September 27, 1988; to the Committee on Governmental Affairs.

EC-489. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-236, adopted by the Council on July 12, 1988; to the Committee on Governmental Affairs.

EC-490. A communication from the Chairman of the Federal Election Commission, transmitting, pursuant to law, a reconsideration of the November 28 and November 30 appeal of the Office of Management and Budget's fiscal 190 passback for the Commission; to the Committee on Rules and Administration.

EC-491. A communication from the Deputy Assistant Secretary of the Air Force (Logistics), transmitting, pursuant to law, a report on converting the commissary resale warehouse function at Mather Air Force Base, California to performance by contract; to the Committee on Armed Services.

EC-492. A communication from the Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a report on the Department of the Army's proposed letter of offer to Switzerland for defense articles estimated to cost in excess of $50 million; to the Committee on Armed Services.

EC-493. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report on four new deferrals and three revised deferrals contained in the President's second special impoundment message for fiscal year 1989; pursuant to the order of January 30, 1975, as modified on April 11, 1986, referred jointly to the Committee on Appropriations, the Committee on the Budget, the Committee on Armed Services, and the Committee on Foreign Relations.

EC-494. A communication from the Secretary of Transportation, transmitting, pursuant to law, a report entitled "The Future of Transit in the Bay Area"; to the Committee on Banking, Housing, and Urban Affairs.

EC-495. A communication from the Deputy Secretary of Transportation, transmitting, pursuant to law, a report entitled "Philadelphia Abandoned Trolley Restoration Feasibility Study"; to the Committee on Banking, Housing, and Urban Affairs.

EC-496. A communication from the Administrator of the National Aeronautics and Space Administration, transmitting, pursuant to law, a report on the use of certain NASA funds; to the Committee on Commerce, Science, and Transportation.

EC-497. A communication from the Administrator of the National Aeronautics and Space Administration, transmitting, pursuant to law, a report on the proposed use of certain NASA funds; to the Committee on Commerce, Science, and Transportation.

EC-498. A communication from the Secretary of Energy, transmitting, pursuant to law, the annual report of the Department of Energy for fiscal year 1987; to the Committee on Energy and Natural Resources.

EC-499. A communication from the Deputy Secretary of Transportation, transmitting, pursuant to law, a revised estimate of the cost to complete the National System of Interstate and Defense Highways prepared for the purpose of determining apportionment factors for Interstate System funds for fiscal years 1991 and 1992; to the Committee on Environment and Public Works.

EC-500. A communication from the Assistant Secretary of the Army (Civil Works), transmitting, pursuant to law, the annual report on projects authorized subject to section 903(a) of the Water Resources Development Act, dated November 1988; to the Committee on Environment and Public Works.

EC-501. A communication from the Acting Administrator of General Services, transmitting, pursuant to law, proposed prospectuses for the fiscal year 1990 GSA Public Buildings Service Capital Improvement Program; to the Committee on Environment and Public Works.

EC-502. A communication from the Acting Chairman of the United States International Trade Commission, transmitting a draft of proposed legislation to provide authorization of appropriations for the United States International Trade Commission for fiscal year 1990; to the Committee on Finance.

EC-503. A communication from the Chairman of the Board for International Broadcasting, transmitting, pursuant to law, the annual report of the Board covering the period October 1, 1987 through September 30, 1988; to the Committee on Foreign Relations.

EC-504. A communication from the District of Columbia Auditor, transmitting, pursuant to law, a report entitled "Concerns

regarding Disposition of Funds"; to the Committee on Governmental Affairs.

EC-505. A communication from the Chairman of the Federal Trade Commission, transmitting, pursuant to law, a report on the system of internal accounting and administrative controls in effect for fiscal year 1988; to the Committee on Governmental Affairs.

EC-506. A communication from the Director of the Office of Personnel Management, transmitting, pursuant to law, a report on the implementation of the Federal Equal Opportunity Recruitment Program for fiscal year 1988; to the Committee on Governmental Affairs.

EC-507. A communication from the Chairman of the Equal Employment Opportunity Commission, transmitting, pursuant to law, the annual report of the Commission on Competition Advocacy for fiscal year 1988; to the Committee on Governmental Affairs.

EC-508. A communication from the Senior Designated Official for Internal Control, Securities and Exchange Commission, transmitting, pursuant to law, a report stating that no advisory or assistance service contracts were awarded during 1988; to the Committee on Governmental Affairs.

EC-509. A communication from the Acting Secretary of Commerce, transmitting, pursuant to law, the annual report of the Department on competition advocacy for fiscal year 1988; to the Committee on Governmental Affairs.

EC-510. A communication from the Acting Chairman of the Federal Labor Relations Authority, transmitting, pursuant to law, the annual report of the Authority on competition advocacy for fiscal year 1988; to the Committee on Governmental Affairs.

EC-511. A communication from the Acting Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, the annual report of the Department of State on competition advocacy for fiscal year 1988; to the Committee on Governmental Affairs.

EC-512. A communication from the Acting Secretary of Health and Human Services, transmitting, pursuant to law, the annual report with respect to actions taken to recruit and train Indians who qualify for positions which are subject to preference under Indian preference laws; to the Select Committee on Indian Affairs.

EC-513. A communication from the Executive Director of the Committee for the Purchase From the Blind and Other Severely Handicapped, transmitting, pursuant to law, the annual report of the Committee under the Freedom of Information Act for calendar year 1988; to the Committee on the Judiciary.

EC-514. A communication from the General Counsel of the Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, a report on the suspension of deportation of certain aliens under sections 244(a)(1) and 244(a)(2) of the Immigration and Nationality Act; to the Committee on the Judiciary.

EC-515. A communication from the Under Secretary, Smithsonian Institution, transmitting, pursuant to law, a copy of the National Society of the Daughters of the American Revolution's "Annual Proceedings of the Ninety-Seventh Continental Congress"; to the Committee on Rules and Administration.

EC-516. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-278, adopted by the Council on December 13, 1988; to the Committee on Governmental Affairs.

EC-517. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-239, adopted by the Council on September 27, 1988; to the Committee on Governmental Affairs.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. LEAHY, from the Committee on Agriculture, Nutrition, and Forestry, without amendment:

S. Res. 50. An original resolution authorizing expenditures by the Committee on Agriculture, Nutrition, and Forestry (Rept. No. 101-2).

By Mr. CRANSTON, from the Committee on Veterans' Affairs, without amendment:

S. Res. 51. An original resolution authorizing expenditures by the Committee on Veterans' Affairs.

By Mr. KENNEDY, from the Committee on Labor and Human Resources, without amendment:

S. Res. 52. An original resolution authorizing expenditures by the Committee on Labor and Human Resources.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. LEAHY, from the Committee on Agriculture, Nutrition, and Forestry:

Clayton Yeutter, of Nebraska, to be Secretary of Agriculture.

(The above nomination was reported with the recommendation that it be approved, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. BUMPERS (for himself, Mr. DECONCINI, Mr. DIXON, Mr. GORE, Mr. INOUYE, Mr. SANFORD, Mr. DASCHLE, Mr. HEFLIN, Mr. SASSER, Mr. DODD, Mr. KERRY, Mr. BURDICK, and Mr. BOSCHWITZ):

S. 348. A bill to amend the Internal Revenue Code of 1986 to restore a capital gains tax differential for small business stock held more than 4 years; to the Committee on Finance.

By Mr. LEVIN:

S. 349. A bill for the relief of Miroslaw Adam Jainski; to the Committee on the Judiciary.

By Mr. LOTT:

S. 350. A bill to repeal section 89 of the Internal Revenue Code of 1986 (relating to rules for coverage and benefits under certain employee benefit plans); to the Committee on Finance.

By Mr. HEFLIN:

S. 351. A bill to urge negotiations with the Government of France for the recovery and return to the United States of the *C.S.S. Alabama*; to the Committee on Foreign Relations.

S. 352. A bill to urge negotiations with the Government of Mexico for the preservation and study of the wreck of the *U.S.S. Somers*, and for other purposes; to the Committee on Foreign Relations.

By Mr. EXON (for himself, Mr. SHELBY, Mr. DECONCINI, Mr. HARKIN, and Mr. LIEBERMAN):

S. 353. A bill to amend the Internal Revenue Code of 1986 to allow the use of U.S. savings bonds for any individual's higher education expenses to qualify for an income exclusion; to the Committee on Finance.

By Mr. EXON (for himself, Mr. BOREN, and Mr. SHELBY):

S. 354. A bill to provide that during a 2-year period each item of any bill making appropriations that is agreed to by both Houses of the Congress in the same form shall be enrolled as a separate joint resolution for presentation to the President; to the Committee on Rules and Administration.

By Mr. RIEGLE (for himself, Mr. MITCHELL, Mr. DURENBERGER, Mr. CHAFEE, Mr. DODD, Mr. PELL, Mr. CONRAD, Mr. ROCKEFELLER, Mr. BOND, Mr. DANFORTH, Mr. SASSER, Mr. PRYOR, Mr. REID, Mr. LEVIN, Mr. DIXON, Mr. GORE, Mr. INOUYE, Mr. WIRTH, Mr. BRYAN, Mr. SARBANES, Mr. MCCAIN, Mr. SHELBY, Mr. BOSCHWITZ, Mr. MATSUNAGA, Mr. BUMPERS, Mr. COHEN, Mr. SHELBY, Mr. BOSCHWITZ, Mr. MATSUNAGA, Mr. BUMPERS, Mr. COHEN, Mr. MOYNIHAN, Mr. GRASSLEY, Mr. COCHRAN, Mr. DASCHLE, Mr. D'AMATO, Mr. MCCONNELL, and Mr. LIEBERMAN):

S. 355. A bill to amend the Internal Revenue Code of 1986 to extend through 1992 the period during which qualified mortgage bonds and mortgage credit certificates may be issued; to the Committee on Finance.

By Mr. GRAMM:

S. 356. A bill to authorize negotiation of a North American Free Trade Area, to promote free trade, and for other purposes; to the Committee on Finance.

By Mr. SYMMS (for himself, Mr. DIXON, Mr. NICKLES, Mr. BENTSEN, Mr. BOREN, Mr. BOSCHWITZ, Mr. BURNS, Mr. COCHRAN, Mr. DURENBERGER, Mr. FORD, Mr. GARN, Mr. GRASSLEY, Mr. HARKIN, Mr. HEFLIN, Mr. HELMS, Mrs. KASSEBAUM, Mr. MCCLURE, Mr. PRESSLER, Mr. PRYOR, Mr. ROTH, Mr. WALLOP, Mr. CONRAD, Mr. DOMENICI, and Mr. MCCONNELL):

S. 357. A bill to provide that the Secretary of Transportation may not issue regulations reclassifying anhydrous ammonia under the Hazarous Materials Transportation Act; to the Committee on Commerce, Science, and Transportation.

By Mr. KENNEDY (for himself and Mr. SIMPSON):

S. 358. A bill to amend the Immigration and Nationality Act to change the level, and preference system for admission, of immigrants to the United States, and to provide for administrative naturalization, and for other purposes; to the Committee on the Judiciary.

By Mr. NICKLES:

S. 359. A bill to prohibit the use of excess campaign funds for personal use; to the Committee on Rules and Administration.

S. 360. A bill to amend the Federal Deposit Insurance Act to provide deposit insurance in a manner which does not discriminate against small- and medium-sized banks

by expanding the assessment base and reducing the assessment rate for deposit insurance; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. HEINZ (for himself, Mr. GORE, and Mr. WIRTH):

S. 361. A bill to provide the additional support necessary to maintain an adequately funded and fully participatory United States role in the International Tropical Timber Organization; to the Committee on Foreign Relations.

By Mr. HEINZ (for himself, Mr. SASSER, Mr. ROTH, and Mr. RIEGLE):

S. 362. A bill to promote intergovernmental and interagency cooperation in the development of ground water policy; to the Committee on Governmental Affairs.

By Mr. BOND (for himself, Mr. GRAMM, Mr. MACK, Mr. DIXON, Mr. DURENBERGER, Mr. SHELBY, Mrs. KASSEBAUM, Mr. DANFORTH, and Mr. GRAHAM):

S. 363. A bill to amend title 18 of the United States Code to stiffen the penalties for bank fraud; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. GORE:

S. 364. A bill to amend the Internal Revenue Code of 1986 to increase the amount of the earned income tax credit, to make credit for dependent care expenses refundable, and for other purposes; to the Committee on Finance.

By Mr. DASCHLE:

S. 365. A bill to provide for the continuation of certain basic services of the Postal Service consistent with postal policies under section 101 of title 39, United States Code, and for other purposes; to the Committee on Governmental Affairs.

By Mr. BAUCUS (for himself, Mr. ROCKEFELLER, and Mr. DASCHLE):

S. 366. A bill to amend title XVIII of the Social Security Act to make certain payment reforms in the Medicare Program to ensure the adequate provision of health care in rural areas, and for other purposes; to the Committee on Finance.

By Mr. GRAHAM:

S. 367. A bill to suspend temporarily the duty on calcium acetylsatlicylate (calcium carbaspirin); to the Committee on Finance.

By Mr. COCHRAN:

S. 368. A bill for the relief of Dr. Cornel H. Petrassevich, to the Committee on the Judiciary.

By Mr. BOSCHWITZ (for himself, Mr. HARKIN, Mr. MCCAIN, Mr. DASCHLE, Mr. MURKOWSKI, Mr. ADAMS, Mr. JEFFORDS, Mr. BURDICK, Mr. D'AMATO, Mr. METZENBAUM, Mr. STEVENS, Mr. GORE, Mr. DURENBERGER, Mr. LEVIN, Mr. SIMON, Mr. MATSUNAGA, and Mr. CRANSTON):

S. 369. A bill to seek the eradication of the worst aspects of poverty in developing countries by the year 2000; to the Committee on Foreign Relations.

By Mr. CHAFEE (for himself, Mr. GRAHAM, Mr. FOWLER, Mr. ADAMS, Mr. BINGAMAN, Mr. COCHRAN, Mr. CRANSTON, Mr. DASCHLE, Mr. DURENBERGER, Mr. HUMPHREY, Mr. JEFFORDS, Mr. KASTEN, Mr. KENNEDY, Mr. LIEBERMAN, Mr. METZENBAUM, Mr. PELL, Mr. SARBANES, Mr. SASSER, Mr. ROCKEFELLER, and Mr. HEFLIN):

S. 370. A bill to amend the Land and Water Conservation Fund Act and the National Historic Preservation Act, to establish the American Heritage Trust, for purposes of enhancing the protection of the Nation's natural, historical, cultural, and outdoor recreational heritage, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. McCLURE:

S. 371. A bill to designate certain National Forest System lands in the State of Idaho for inclusion in the National Wilderness Preservation System, to prescribe certain management formulae for certain National Forest System lands, and to release other forest lands for multiple-use management, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. BENTSEN (for himself and Mr. GRAHAM):

S. 372. A bill to amend title V of the Refugee Education Assistance Act of 1980 to provide certain resettlement assistance for certain Central Americans; to the Committee on Labor and Human Resources.

By Mr. BOSCHWITZ (for himself, Mr. LEVIN, Mr. PRYOR, Mr. ADAMS, Mr. DOLE, Mr. MATSUNAGA, Mr. DIXON, Mr. DECONCINI, Mr. HEFLIN, Mr. THURMOND, Mr. WARNER, Mr. INOUYE, Mr. MCCLURE, Mr. SANFORD, Mr. JEFFORDS, Mr. BOND, Mr. GARN, Mr. HOLLINGS, Mr. CHAFEE, Mr. WIRTH, Mr. BENTSEN, Mr. METZENBAUM, Mr. PRESSLER, Mr. GRASSLEY, Mr. ROBB, Mr. JOHNSTON, Mr. D'AMATO, Mr. WILSON, Mr. STEVENS, Mr. MOYNIHAN, Mr. PACKWOOD, Mr. SHELBY, Mr. LOTT, Mr. CONRAD, Mr. DURENBERGER, Mr. KASTEN, Mr. BRADLEY, Mr. DODD, Mr. LUGAR, Mr. HATCH, Mr. DOMENICI, Mr. SASSER, Mr. MITCHELL, Mr. BURDICK, Mr. ROTH, Mr. COCHRAN, Mr. REID, Mr. KOHL, Mr. KENNEDY, Mr. LIEBERMAN, Mr. ARMSTRONG, Mr. CRANSTON, and Mr. HATFIELD):

S.J. Res. 50. Joint resolution to designate the week beginning April 2, 1989, as "National Child Care Awareness Week"; to the Committee on the Judiciary.

By Mr. WILSON (for himself, Mr. BOND, Mr. BOSCHWITZ, Mr. CHAFEE, Mr. COATS, Mr. COCHRAN, Mr. D'AMATO, Mr. DOLE, Mr. DOMENICI, Mr. DURENBERGER, Mr. GARN, Mr. GORTON, Mr. GRASSLEY, Mr. HATCH, Mr. HEINZ, Mr. JEFFORDS, Mrs. KASSEBAUM, Mr. LUGAR, Mr. MACK, Mr. MCCLURE, Mr. MURKOWSKI, Mr. PACKWOOD, Mr. PRESSLER, Mr. STEVENS, Mr. THURMOND, Mr. WALLOP, Mr. WARNER, Mr. BENTSEN, Mr. BINGAMAN, Mr. BRYAN, Mr. BUMPERS, Mr. BURDICK, Mr. CONRAD, Mr. DECONCINI, Mr. DODD, Mr. GLENN, Mr. HEFLIN, Mr. HOLLINGS, Mr. INOUYE, Mr. LEVIN, Mr. LIEBERMAN, Mr. MATSUNAGA, Mr. METZENBAUM, Mr. MOYNIHAN, Mr. NUNN, Mr. PELL, Mr. PRYOR, Mr. REID, Mr. ROBB, Mr. SANFORD, Mr. SHELBY, Mr. SIMON, and Mr. WIRTH):

S.J. Res. 51. Joint resolution to designate the month of April 1989, as "National Cancer Awareness Month"; to the Committee on the Judiciary.

By Mr. HOLLINGS (for himself, Mr. BRADLEY, Mr. BENTSEN, Mr. GORE, Mr. KENNEDY, Mr. WARNER, Mr. GRAHAM, Mr. BOREN, Mr. BUMPERS, Mr. SARBANES, Mr. LEVIN, and Mr. MOYNIHAN):

S.J. Res. 52. Joint resolution to express gratitude for law enforcement personnel; to the Committee on the Judiciary.

By Mr. D'AMATO (for himself and Mr. ROBB):

S.J. Res. 53. Joint resolution to designate May 25, 1989, as "National Tap Dance Day"; to the Committee on the Judiciary.

By Mr. DECONCINI (for himself and Mr. DODD):

S.J. Res. 54. Joint resolution to designate the months of April 1989, and 1990, as "National Child Abuse Prevention Month"; to the Committee on the Judiciary.

By Mr. SIMON (for himself, Mr. COCHRAN, Mr. JEFFORDS, Mr. METZENBAUM, Mr. GRASSLEY, Mr. BRADLEY, Mr. MATSUNAGA, Mr. PELL, Mr. THURMOND, Mr. DOMENICI, Mr. ROCKEFELLER, Mr. PRYOR, Mr. BENTSEN, Mr. DODD, Mr. LIEBERMAN, Mr. ROBB, Mr. HEINZ, Mr. WILSON, Mr. LUGAR, Mr. STEVENS, Mr. WARNER, Mr. INOUYE, Mr. DURENBERGER, Mr. PRESSLER, Mr. KENNEDY, and Mr. HATCH):

S.J. Res. 55. Joint resolution to designate the week of October 1 through 7, 1989, as "Mental Illness Awareness Week"; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. LEAHY, from the Committee on Agriculture, Nutrition, and Forestry:

S. Res. 50. Original resolution authorizing expenditures by the Committee on Agriculture, Nutrition, and Forestry; to the Committee on Rules and Administration.

By Mr. CRANSTON, from the Committee on Veterans' Affairs:

S. Res. 51. Original resolution authorizing expenditures by the Committee on Veterans' Affairs; to the Committee on Rules and Administration.

By Mr. KENNEDY, from the Committee on Labor and Human Resources:

S. Res. 52. Original resolution authorizing expenditures by the Committee on Labor and Human Resources; to the Committee on Rules and Administration.

By Mr. PRYOR (for himself and Mr. HEINZ):

S. Res. 53. Resolution authorizing printing additional copies of Senate report titled "Developments in Aging: 1988"; to the Committee on Rules and Administration.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BUMPERS (for himself, Mr. DECONCINI, Mr. DIXON, Mr. GORE, Mr. INOUYE, Mr. SANFORD, Mr. DASCHLE, Mr. HEFLIN, Mr. SASSER, Mr. DODD, Mr. KERRY, Mr. BURDICK, and Mr. BOSCHWITZ):

S. 348. A bill to amend the Internal Revenue Code of 1986 to restore a capital gains tax differential for small business stock held for more than 4 years; to the Committee on Finance.

VENTURE CAPITAL GAINS ACT

● Mr. BUMPERS. Mr. President, today I am reintroducing legislation to provide a modest tax incentive in favor of high-risk long-term investments in America's future.

It has never been clearer that Americans need to fight for our economic prosperity and independence. We find ourselves in an international competition of great intensity and we are losing on many fronts.

There is a developing consensus that American investors and businessmen focus too much on short-term gains in income and neglect long-term investments in economic growth. The values that are associated with the stereotype of a yuppie and infecting our business community and our economic prosperity as a nation will suffer as a result.

Today we underinvest in new business ventures, in research and development, in plant and equipment, and in training. When we underinvest, we put our future at risk, we live for the moment, and we ignore the piper's song.

Increasingly we rely on financial wizards and lawyers to camouflage the fact that our economic foundations are eroding.

The legislation I reintroduce today addresses this issue by giving investors an incentive to become venture capitalists, to take risks, to invest for the long-term, and to seek the gains which come from economic growth.

My legislation will encourage investors to take risks on new ideas and new technologies, to give entrepreneurs the capital they need to fund the business ventures of tomorrow, and to wait for long-term gain on these investments.

I am delighted that Senators DECONCINI, DIXON, GORE, INOUYE, SANFORD, DASCHLE, HEFLIN, SASSER, DODD, KERRY, BURDICK, and BOSCHWITZ have agreed to be original cosponsors of this legislation. I hope to have more cosponsors as the capital gains debate becomes more focused.

It is clear from this list of cosponsors that the capital gains issue is a bipartisan issue in the Congress. Senate Democrats are just as interested in the capital gains issue as are Republicans. Senate Democrats want to debate the capital gains issue on the merits and to join in fashioning a reasonable and effective incentive for capital formation.

I look forward to working with my cosponsors and with the members of the Senate Finance Committee on the capital gains issue.

HISTORY OF VENTURE CAPITAL GAINS LEGISLATION

While we were considering the Tax Reform legislation in 1986 I expressed my concern about the repeal of the capital gains tax preference. My concern then and my concern now is that small business ventures would suffer most if the capital gains preference was repealed and this has proven to be true.

During consideration of the tax reform law, the Small Business Committee held a hearing on this issue and we heard from many experts about the adverse consequences of repealing the capital gains tax. ("The Elimination of the Capital Gains Differential for Individuals and Its Impact on Small Business Capital Formation," hearings before the Senate Small Business Committee, June 4, 1986.) We heard from venture capitalists who warned that repealing the capital gains preference would reduce the inclination of investors to make high-risk, long-term, growth-oriented investments.

The witnesses said that the problem with the tax reform law would be that it would place a premium on low-risk, short-term, income-producing investments. With the elimination of the capital gains tax preference, there would no longer be any reason for a taxpayer to hold onto an investment even for 6 months, the old holding period required for capital gains investments.

Of course, the Congress ignored these warnings, adopted the tax reform law, and the capital gains tax preference was eliminated.

To remedy the flaw in the tax reform law, in April of 1987 I introduced S. 931, the Small Business Capital Formation Act of 1987. (133 Congressional Record S4728-4732, April 7, 1987.) The bill I introduce today is the same bill, with some minor technical refinements.

VENTURE CAPITAL GAINS COMPARED TO PRESIDENT'S CAMPAIGN PROPOSAL

I introduced S. 931 long before then-Vice President George Bush advanced his own capital gains proposal. We are now awaiting the details on his proposal, which may differ from the capital gains proposal he described during the campaign. But it is helpful in describing the bill I am introducing today to compare it to the capital gains proposal the President advocated during the campaign.

TERMS OF CAPITAL GAINS PROPOSALS

The President and I agree on one point about capital gains taxes. We agree that the repeal of the capital gains tax preference in the tax reform law was ill-considered. But there are then many differences in our approaches to restoring a capital gains preference.

The President's capital gains proposal, as described during the campaign, is sweeping.

First, he proposed during the campaign that the maximum tax rate on capital gains income be reduced from 33 to 15 percent. This is a 55-percent reduction in the maximum tax rate. This makes the 25-percent "supply side" tax cut cut in 1981 look modest by comparison.

Second, this dramatic tax break apparently would be available for the sale or exchange of any capital asset.

The term "capital asset" is a term of art in the tax law, but it includes virtually everything—type of property you own and use for personal purposes or investment.

It includes corporate stock, commodities and futures contracts, shares in a partnership, a dwelling owned and occupied by you and your family, household furnishings, a car used for pleasure purposes and commuting, coin or stamp collections, gems and jewelry, gold, silver, and any other metal.

It includes property used in trade or business, an invention, good will, a franchise, trademark or trade name, livestock, and timber, domestic iron ore and coal may all be capital assets.

I have commissioned a memorandum from the Congressional Research Service which outlines the range of assets which qualify as capital assets and is an expansive list. (Memorandum of Greg Esenwein, CRS, August 3, 1988.) When you review the list, in many cases it becomes difficult to justify providing preferential tax benefits. It is incumbent on any advocate for preferential tax treatment to explain why it is in the national interest to reduce the tax burden for taxpayers who make certain investments and I do not think that this is possible for investments in many of the assets which qualify as capital assets.

Third, the President indicated during the campaign that to qualify for capital gains tax treatment, the investment would have to be held for 1 year. On January 1, 1988, the holding period on capital gains reverted from 6 months to 1 year and the President would not propose that the 6-month holding period previously in effect be restored.

The 1-year holding period is hardly enough to encourage the patient capital that American firms need to grow and prosper. It's better than a zero holding period, but it's hardly enough to encourage long-term, high-risk investments in America's future.

Finally, it is not clear whether the President intends for the alternative minimum tax [AMT] to apply. The AMT would not apply unless the tax law is amended to include capital gains in the list of preference items. Indirect sources indicate that Bush would not apply the AMT to the new capital gains preference, but no decision on this issue apparently has been made.

This means that high income taxpayers would claim capital gains income and avoid paying their fair share in taxes. The minimum tax is one of the most important reforms of the tax reform law and the President's campaign proposal would undermine its application and effectiveness.

My capital gains bill—S. 931—and the bill I am introducing today propose a much narrower capital gains tax preference, one that is targeted at

high-risk, long-term, growth-oriented investments.

First, I propose that the maximum tax rate on capital gains income be 21 percent. This represents a 36-percent reduction in the tax rates which apply to capital gains.

Second, this tax break would be available only for investments in corporate stock. It is not available for investments in any other capital asset.

Third, these investments in corporate stock must be direct investments in corporate stock; that is, purchases of stock directly from the corporation as distinct from purchases of stock sold by another investor, trading in the secondary market.

Fourth, the stock must have been issued by a small business with less than $100 million in paid-in capital. I will discuss this limitation further in a minute.

Fifth, the stock which is purchased must be held for a minimum of 4 years.

And finally, any gain on the stock is explicitly included as a preference item in the alternative minimum tax.

S. 931 and the bill I introduce today are directed at the investments typically made by entrepreneurs and venture capitalists. These are risky, long-term investments in startup ventures. These are the investments which entrepreneurs make when they start a new business. These are the investments which venture capitalists make when they back an entrepreneur with seed capital.

I made this point at some length when the Senate debated the amendment offered by Senator ARMSTRONG to the Senate budget resolution on April 14, 1988. I argued then against indexing the basis for capital assets and in favor of a targeted capital gains exclusion. I emphasized then that capital gains should be for entrepreneurs. (133 CONGRESSIONAL RECORD 6847-6848, April 14, 1988.)

The President's capital gains incentive is available for much less risky, much shorter-term investments in a wide variety of assets which have nothing to do with growth or job creation or the competitiveness of U.S. industries.

Why should we encourage investments in vacation homes or antique cars? I see no public policy rationale for a capital gains tax preference for either type of investment.

My bill is fairer to middle-income taxpayers. It limits the benefits which wealthy taxpayers can reap from the preference and the President's proposal does not.

The differences between the President's campaign proposal and my own are fundamental. They go to the question of what type of investments we should encourage. They concern the value of the incentive we should provide and who should receive the incentive.

These differences are issues of policy, but they are also issues which go to our values and priorities.

COMPARISON OF REVENUE IMPACT

Any consideration of a capital gains tax preference must focus first on the potential impact of such a preference on Government revenue. The merits of the issue are not open for serious debate if the revenue impact is severe.

The President's campaign proposal: President Bush asserted many times during the campaign that his proposal "would not cost the Government money." Rather, "it would gain additional revenue by stimulating growth." He repeated this claim at his first press conference last week. He states that this assertion is substantiated by the effect of the 1978 reduction in tax rates on capital gains—the Hansen-Steiger amendment—and by the research of Prof. Martin Feldstein and NBER researcher Lawrence Lindsey.

The Joint Committee on Taxation, however, has ruled in a response to an inquiry from Congressman BILL ARCHER that a 15-percent tax rate on capital gains would reduce Government revenue by $8.5 billion in 1990, $15 billion in 1991, and $17.1 billion in 1992. (Letter of David Brockway to Congressman ARCHER of November 8, 1987). The total 3-year revenue loss is projected to be $40.6 billion.

Similarly, the Congressional Budget Office has stated that a 15-percent rate would probably reduce Government revenue by between $3.9 and $7.8 billion per year.

Finally, a recent Congressional Research Service report indicates that instituting a capital gains tax preference may have a negative impact on Government revenue in the long run even if it has a positive impact in the short term.

In January 1987 the Treasury Department estimated that the increase in the capital gains tax rate in the tax reform legislation (from 20 percent to 28-33 percent) would increase Government revenue by $21.8 billion over 5 years. The Federal Government already has received a $10 to $15 billion revenue bonus at the end of 1986 when taxpayers rushed to sell assets to take advantage of the then-still-applicable 20 percent maximum capital gains tax rate.

All of these estimates are controversial. There are more recent studies by the Treasury Department which indicate that some of the methodology in its earlier studies are not appropriate. These recent studies have been attacked by critics of the capital gains exclusion.

I am not sure that the revenue loss estimates of the Joint Committee and Treasury Department are accurate. Indeed, I am not even sure that they are reasonable. But, I do know several things.

These estimates seem to have been prepared in good faith by professionals. There is broad agreement among the Government officials who are preparing estimates.

Most important, these estimates are not static estimates. In each case, they find that a reduction in capital gains tax rates does encourage investors in capital assets to sell their assets, generating taxable income. They do not find that this increase in asset sales—in tax parlance these sales are referred to as "realizations"—are as great as others would find. They find that the rate of realizations increases, but they do not find that the increased rate is enough to offset the loss in revenue due to a lower tax rate.

Whether or not one agrees with its estimates, it is clear that the Joint Committee would find that the President's campaign proposal would lose many billions of dollars in revenue, perhaps tens of billions of revenue, if enacted into law. The Joint Committee does not accept the arguments of Mr. Feldstein or Mr. Lindsey.

More interesting, the Treasury Department of the Reagan-Bush administration still does not agree with the President's conclusion. As I have said, the Department is reviewing its position but it has not as yet changed its position.

There is good reason for all of us to be skeptical of any proposal which argues that a reduction in tax rates leads to an increase in revenue.

The 1981 "supply side" tax cut also was supposed to have a minimal impact on revenues because it was supposed to stimulate economic activity, but the official estimate of its impact on revenue—an estimate contained in President Reagan's own budget—is that it will reduce Government revenue by $290.9 billion this year alone.

Of course, whether or not one agrees with them, the revenue estimates of the Joint Committee are the only estimates used in the House and Senate and they alone determines whether the point of order under the Gramm-Rudman-Hollings law—as to whether a proposal is "deficit neutral"—applies.

This means that any proposal to reduce capital gains tax rates to 15 percent would have to be paid for by an equal amount of additional revenue from some other source or an equal amount of reductions in spending. The final result must not increase the deficit and the Joint Committee's determination on whether a proposal is deficit neutral is binding.

Revenue impact of venture capital gains bill: The revenue estimates for the President's campaign proposal contrast sharply with those for S. 931 and the bill I introduce today.

S. 931 differs from the bill I introduce today in that it would provide an incentive only for stock issued by companies with $10 million or less in paid-in capital. The venture capital gains bill would be available if the paid-in capital is less than $100 million. This makes very little difference in the revenue impact of the bill.

In 1987, I obtained an official revenue estimate from the Joint Committee on the revenue impact of S. 931. The Joint Committee finds that S. 931 would lose $24 million—that is million, not billion—in revenue in 1992, the first year after the 4-year holding period has run. Over a 3-year period it would lose $40 million. (Letter of Mr. David H. Brockway, September 18, 1987.)

This revenue estimate was so low that I asked the Joint Committee by how much the $10 million limitation in S. 931 could be raised—to apply the tax break to investments in larger businesses—while holding the revenue loss in 1992 to less than $500 million. The Joint Committee has told me that the $10 million limitation could be "removed altogether" and the revenue loss would be less than $500 million in 1992. The committee did not provide a specific revenue loss figure for the bill if the $10 million limitation is removed or raised to a given figure. (Letter of Mr. David H. Brockway, September 18, 1987.)

After obtaining this estimate, I consulted at length with representatives of the National Venture Capital Association and the National Small Business Investment Company Association to determine by how much we should raise the $10 million limitation. In these discussions I insisted that the aim must continue to be to target the capital gains break to smaller businesses because this is central to the concept of the bill. Based on these consultations, I have determined that the threshold should be raised from $10 to $100 million.

The venture capital gains bill remains identical to S. 931 on the other key issues, the 21-percent maximum rate, the limitation to direct investments, the 4-year holding period, and the application of the minimum tax. Each of these limitations is fundamental to the purpose and rationale of S. 931 and to the current bill.

So, with the $10 million limitation, S. 931 it lost one one-thousandth as much revenue as the President's campaign proposal, $40 million versus $40 billion. With the $100 million limitation, the venture capital gains bill loses one-eightieth as much revenue as the President's campaign proposal, $500 million versus $40 billion.

These revenue estimates on S. 931 and the current bill show that the 21-percent maximum rate, the limitation to direct investments, the limitation to purchases of stock, the 4-year holding period, and the application of the minimum tax are powerful constraints on the revenue loss for the bill.

They show that the 15-percent maximum rate, the absence of limitations on the type of investment, the 1-year holding period, and the exemption from the minimum tax are extremely generous and open the floodgates to lose Government revenue.

In terms of the budget deficit, the venture capital gains bill is responsible and the President's campaign proposal is not.

During the past 2 years I have suggested one way to finance the revenue loss which comes from enactment of my capital gains bill. On September 30, 1987, I wrote to the Members of the House Ways and Means and Senate Finance Committees stating that if the committees raised income tax rates for the 1987 reconciliation bill, there could well be enough revenue generated to adopt S. 931. If income tax rates were raised, it is likely that the committees would at least have retained the 33-percent maximum tax rate on capital gains. I suggested that the committees should move to lower capital gains tax rates along the lines suggested in S. 931.

Of course, the two committees chose not to raise income taxes rates so they never faced the issue of how to adjust capital gains tax rates.

We did debate this issue in late 1987 in the Senate when we debated the legislation to implement the deficit reduction agreement following the October stock market crash. During that debate Senator KASSEBAUM and I proposed an amendment which would have frozen most spending and frozen tax rates at their 1987 "transition" levels. This freeze on tax rates would have preserved the differential in tax rates between capital gains and ordinary income. The Kassebaum amendment was defeated.

This year we may again debate tax rates. The 33-percent recapture rate is an anomaly. High income individuals pay a top tax rate of 28 percent. Taxpayers with less income pay a top tax rate of 33 percent. In short, our tax system is regressive for high income individuals. This tax rate structure makes no sense. If we turn this 33-percent recapture tax rate into a flat bracket, we should focus on the capital gains issue.

WINDFALL VERSUS INCENTIVE

The capital gains tax is a tax incentive. Its purpose is to induce or encourage taxpayers to engage in certain behavior which we in the Congress believe is in the national interest. We should only provide a tax incentive to taxpayers if we believe that providing the incentive will induce or encourage taxpayers to engage in that behavior and if we believe that taxpayers would not otherwise engage in that behavior.

A tax incentive merely creates a windfall if it rewards taxpayers for doing that which they would do without the incentive. Of course, some taxpayers already make investments in capital assets or in the stock of startup small businesses and their investments would now be rewarded with a tax subsidy. For these investors the capital gains tax preference confers a windfall and is not responsible for encouraging these taxpayers to make these investments.

It is clear that the President's campaign proposal would confer a much greater windfall on taxpayers than would the venture capital gains bill. There is no capital gains tax preference now and millions and millions of investors are buying capital assets and holding them for a year. There are very few taxpayers who invest in startup small businesses and hold the investment for 4 years. This is part of the reason why the revenue loss for my bill is so much less than for the "15 percent solution."

We should not give away tax subsidies unless taxpayers have to work for them, to do something that is riskier with their investment dollars. The President's campaign proposal does not set high enough standards for the quid pro quo for the subsidy. The venture capital goods bill does.

I have requested that the Joint Committee on Taxation to attempt to determine the degree of windfall which is conferred by the President's campaign proposal and the venture capital gains bill. I am awaiting its report. I am not sure the Joint Committee has ever been asked to prepare such a report before but its report will be very interesting to review.

DIRECT INVESTMENTS VERSUS TRADING

"Capital formation" is the rallying cry for all those interested in providing tax incentives for investment.

The venture capital gains bill literally forms new capital in the sense that it applies only to the initial investments in new issues of stock issued by small companies. My bill puts new capital in the hands of entrepreneurs to use in founding or expanding a business. The capital is formed for the persons who need it, the entrepreneur.

The venture capital gains bill does not apply to the trading of a stock in the secondary market, which does not raise any additional capital for the company which issued the stock in the first place. Once a business has issued and sold its stock, it has obtained the capital it needs from the investors. No new capital is formed when stock is traded on the secondary market.

If trading of that stock increases the price of the stock, the business can obtain more capital when it issues additional stock. The business wants the stock price to rise so that it can raise more capital if it issues additional

stock and so that an investor does not try to take over the company by buying a controlling share of the stock. But the immediate beneficiaries of stock trading in the secondary market are investors and brokerage houses, not the business whose stock is traded.

By providing a tax incentive only for direct investments in stock, the venture capital gains bill ensures that the business which issues the stock—and the entrepreneurs who run the business—should be able to obtain a higher price for the stock it issues. This means the business and the entrepreneurs will have more capital to work with in building the business.

This focus on direct investments may have a positive impact on initial public offerings of stock—and subsequent issues of stock by the businesses until the $100 million or other limitation comes into play. These initial public offerings are the riskiest undertakings for an entrepreneur, but going public is the only way many growth-oriented small businesses can raise the capital they need to grow.

The venture capital gains bill forms new capital and puts it in the hands of entrepreneurs. The President's campaign proposal forms very little new capital and mostly shifts it around among investors. My proposal rewards wise investments in smart entrepreneurs, while the President's rewards speculation about the value of existing stock.

STOCK PURCHASES VERSUS OTHER INVESTMENTS

The old capital gains tax preference applied to many types of investments other than investments in corporate stock, including many investments which have nothing to do with competitiveness or other macroeconomic issues. It applied to investments in vintage cars, antiques, gold coins, paintings, and gems. It also applied to investments in real estate.

The venture capital gains bill applies only to investments in corporate stock because small businesses rely on the equity market to obtain patient capital. Most small businesses cannot afford to pay the carrying costs on debt. As a matter of public policy, we should encourage growth in the equity markets, not the debt markets. This public policy explains the elimination of the tax deduction for consumer interest.

The venture capital gains bill focuses on investments which will help American compete in international trade. There is no rationale for encouraging investments in collectibles. Similarly, there is little need to encourage additional investments in real estate. Investments in seed capital for entrepreneurs is what is needed for American to be competitive.

REAL RISK OF INVESTMENT

The venture capital gains bill provides a tax break to investments in the stock of small businesses because there is real risk in these investments. Small businesses can and do fail. In fact, venture capitalists have a rule of thumb that only one or two of ten investments will pay off well in the long run.

Companies whose stock trades on the New York Stock Exchange rarely fail. They pay dividends regularly. The price of the stock may rise or fall, but an investor rarely risks losing everything he or she has invested.

Investors in the initial offering of stock take a particular risk because it is difficult to know how much the stock will sell for in the secondary market. The initial price of stock may bear little relationship to the value that other investors will place on that stock in the secondary market. The price of initial public offerings may rise or fall substantially the first day the stock is traded in the secondary market. In fact, there may be no secondary market for the stock because it is not possible to know how much the stock is worth.

Often investments in startup companies are made before the company has manufactured or marketed any products. The investments provide research funds for the company to discover a new product or to begin manufacturing that product. At this point in the life of the company, it is very difficult to know how profitable the company will be and it may be many years before it turns any profit at all. Startup companies must reinvest their income in further research, manufacturing facilities or mass marketing. This may delay their ability to pay out dividends.

This is why there is a need for a tax incentive to encourage these investments. These investments do involve real and substantial risk. These are investments which investors are reluctant to make, but these are investments which must be made if we are to compete in international markets.

ENTREPRENEURS AND EMPLOYEES

The venture capital gains bill applies to stock purchases by any investor, including the entrepreneur who founds a company and employees who have stock purchase plans. It does not simply apply to outside investors who purchase the stock.

It is a relatively simple matter for an entrepreneur to issue stock to himself. It may be more difficult to determine the market value of that stock than it is to determine the value of stock sold to outside investors and the burden is on the taxpayer to substantiate his or her claims about the basis value of the stock.

For many small businesses, the value of the companies they found is their principal source of retirement savings.

FOUR YEAR HOLDING PERIOD

The four year holding period ensures that investors do not expect that the small businesses in which they invest will quickly generate income. The venture capital gains bill rewards investors who seek long-term growth, not short-term returns. It seeks to lengthen the time-horizon of both the companies which issue the stock and the investors who buy it.

This four year holding period is another element of the risk which is rewarded by my bill. There is inherently less risk in a shorter term investment. The longer the taxpayer must hold the investment to gain the tax benefits, the greater are the risks which the taxpayer must take and the greater is the justification for the tax benefit.

The purpose of the venture capital gains bill is to encourage risk taking. The holding period involves risk, the emphasis on direct investment involves risk, and the limitation to the stock of small businesses involves risk.

ALTERNATIVE MINIMUM TAX

I have already said that the venture capital gains bill sets the maximum tax rate on capital gains at 21 percent and that the alternative minimum tax applies. These two provisions are directly related to one another.

The maximum tax rate of 21 percent on captial gains in S. 931 is the same as the tax rate under the minimum tax in the tax reform law. I considered setting a maximum tax rate of less than 21 percent, but it makes little sense to set the tax rate on capital gains lower than 21 percent if the minimum tax applies. If one sets a maximum tax rate on capital gains which is lower than 21 percent, the taxpayers who are subject to the minimum tax will still end up being taxed at the 21 percent rate under the minimum tax. It's a zero sum game for taxpayers who are subject to the minimum tax.

I have requested that the Joint Committee on Taxation analyze the relationship between a capital gains preference and the minimum tax. In a letter of June 26, 1988, Mr. Ron Pearlman of the joint committee has presented an exact formula which explains this relationship and in a letter of July 26 I have asked the joint committee to prepare an additional analysis of this issue.

No debate on the capital gains issue can avoid the minimum tax issue. It is inconceivable to me that Congress would restore a capital gains tax preference without applying the minimum tax. If I am correct in this judgment, it is hard to justify setting a maximum tax rate for capital gains of less than 21 percent.

PROGRESSIVITY AND FAIRNESS

The alternative minimum tax ensures that individuals cannot aggregate their tax preferences to reduce their marginal tax rate below 21 percent. This ensures that the venture capital gains bill will not undermine

the progressivity and fairness of the tax system.

Many feel that the principal reason why the capital gains exclusion was repealed by the tax reform legislation was because a disproportionate amount of the benefits of the exclusion went to high income individuals. When the Congress moved to drastically reduce tax rates, limiting the tax applicable to very high income individuals to 28 percent, it had no choice but to limit the tax reduction opportunities provided to these high income individuals by such tax preferences as the capital gains exclusion.

The elimination of the capital gains exclusion served this purpose and so did the adoption of the alternative minimum tax. The tax reform law did not eliminate all tax preferences. There are still ways for high income taxpayers to reduce their tax liability. The minimum tax seeks to ensure that we will never again have reports of multimillionaires paying no taxes.

The venture capital gains bill explicitly includes the tax benefits of the capital gains tax break as a preference item in the minimum tax to ensure that the bill does not adversely affect the progresssivity of the tax system. It will not return us to the time when there were scandals about wealthy individuals avoiding paying any Federal income tax.

I have requested that the Joint Committee on Taxation study this issue in some detail. (Letter of May 12, 1988.) I have specifically asked the committee to analyze the distribution of benefits from the venture capital gains bill and from the President's campaign proposal. I am sure that this study will find that the benefits conferred by my bill are much more evenly distributed and are concentrated with the highest income taxpayers.

EFFECT OF CAPITAL GAINS REPEAL

There are many differences between the venture capital gains bill and the President's campaign proposal. But, let me repeat again that the President and I agree that the repeal of the capital gains tax law was bad policy.

It is not possible as yet to determine precisely how the increase in the capital gains tax rates has affected capital investments generally, but there is evidence that it has hurt capital formation for small businesses. The evidence is very hard to evaluate because there are so many conflicting forces at work. For example, there have been major nontax developments such as the stock market crash which have crippled markets for initial public offerings.

We do know that traditionally small businesses have had more difficulty obtaining capital because investments in small businesses involve more risk and have less prospects for generating short-term income. The reports of the Small Business Administration and others provide extensive data on this problem.

We know that the tax reform law exacerbates this problem by reducing the tax penalty on ordinary income by reducing marginal tax rates. This fact, together with the elimination of the capital gains holding period, may well reduce the attractiveness to investors of long-term, growth-oriented, riskier investments, particularly those in startup small businesses. It may increase the attractiveness of short-term, income-oriented, safer investments. If this is true, the tax reform bill will hurt investments in small businesses, which need to reinvest all of their net income in the business to help it grow and prosper.

There is anecdotal evidence that the tax reform law is hurting capital formation for small businesses. Venture magazine reported that "startups face trouble from venture capitalists, an imperiled SBIC program, and a higher capital gains tax." ("Desperate for Dollars," May 1988.) This article states that the problem arises from "simple arithmetic." "When venture capitalists can get a fairly safe 35 percent to 50 percent on a leveraged buyout, why accept a potential 50 percent on a startup that carries more risk?" One venture capitalist said that "venture capitalists aren't looking for seedlings, they're looking for 12-inch tree trunks."

It is too much to expect that those of us who propose a capital gains tax preference will ever be able to precisely quantify what the tax reform law means for capital formation for the country or for small business. But, we have strong evidence that it has exacerbated a problem which small businesses always have had in obtaining sufficient capital to grow and prosper.

THE CAPITAL GAINS DEBATE

There are some who will oppose any capital gains tax no matter how targeted it may be. They will argue that the tax reform law should not be changed, particularly by restoring one of the principal tax preferences. They will argue that the beauty of the tax reform law is that it simplifies the Tax Code, eliminating distortions. They will argue that restoring any tax preferences would require raising the low tax rates, which would undo the principal benefit of the tax reform law.

I respect these arguments. They are arguments about principles. These arguments are made by some of the most responsible Members of the Congress. These are arguments which must be addressed by those of us who support restoring a capital gains tax preference.

The venture capital gains bill does recreate a capital gains tax break and that is controversial no matter what the limitations are in the proposal. The tax break I propose is limited and targeted and it may be much more palatable than the President's campaign proposal, but it does reopen the debate on capital gains and it may even reopen the debate on the tax reform law.

Many tax reform advocates long opposed the capital gains tax break and hailed its repeal. Statistics cited during the tax reform debate showed that the benefits of the capital gains tax break had gone largely to wealthy individuals. In addition, the 6-month holding period was indefensible.

It can be said that any move to recreate any tax break for capital gains undermines the tax reform legislation. The venture capital gains bill can be seen as a foot in the door for a much broader proposal like that of the Vice President. Reform advocates may not think this to be wise.

The critics of the capital gains preference can ask why the President would favor special tax treatment for investments in collectibles and real estate, why he favors a large differential in tax rates, why he favors the break for nondirect investments, why he favors a short holding period, and why he favors exempting the gains from the minimum tax. And, most important, they will ask why he is so unconcerned about the revenue impact of an across-the-board capital gains tax preference.

My proposal challenges the assumptions about capital gains by showing that there is a moderate, targeted, fiscally responsible alternative to the old-style capital gains exclusion. The criticisms which can be made of the President's campaign proposal do not apply to the venture capital gains bill.

My proposal focuses on entrepreneurs, employees of startup businesses, and venture capitalists—not on takeover artists, arbitragers, and margin accounts. It focuses on investments in businesses that might actually fail, not on trading of IBM stock. It provides capital to small businesses, which have been shown to be the principal source of new employment and innovation. It focuses on the future, not on the short term. It would not adversely affect the progressivity of the tax system.

If there is any rationale for restoring a capital gains tax incentive, and I think there is, the venture capital gains bill is the approach we should take.

It is the only fiscally responsible capital gains proposal being considered in the Congress.

It rewards real risk taking in growth-oriented small businesses.

It offsets the bias toward low-risk, income-oriented investments in the tax reform legislation.

It gives a preference only to investments which have a bearing on the competitiveness of the country.

It literally forms new capital, rather than simply encouraging trading of existing capital.

And it is fair to the middle income taxpayer.

These features of the venture capital gains bill do not meet every argument which the defenders of the tax reform law may raise. They want no changes in the tax reform law. They view it as a holy document. They see a problem with any changes because they fear that this will lead to a flood of changes.

When the arguments turn to the merits of the issue, the venture capital gains bill is a capital gains proposal which makes sense. It takes the debate on capital gains back to the basics, long-term risktaking.

I have great respect for the authors of the tax reform law. I did not agree with the repeal of the capital gains incentive, but I understand why it happened. I do not think that the tax reform law is perfect and cannot be improved. I look forward to debating the venture capital gains bill on the merits.

POLITICAL REALITY ON CAPITAL GAINS

I fear that the President's campaign proposal gives the opponents of a capital gains tax preference too many arguments.

His proposal is so lacking in focus, so indiscriminate and so irresponsible in its potential revenue impact, it discredits our efforts to debate this issue.

Two years after we have completely abolished the capital gains preference is too soon for anyone to be arguing that we should completely reverse course. This is shortsighted and politically unrealistic. Congress does not often completely reverse itself on any issue and it rarely does one on an issue which was thoroughly debated the first time.

The President apparently has learned nothing from the tax reform debate. One would think that he did not support the President's tax reform initiative. He does not see any legitimacy in the criticisms which were raised about the old capital gains tax. He wants to return to the old capital gains tax preference, with no changes, no rethinking of the issues, and no new concepts.

The President's campaign proposal makes it easy for the opponents of the capital gains tax preference. In fact, I believe that the President's proposal will delay the time when we will have a full-blown debate on the capital gains issue. It is too easy to defeat the President's proposal on a point of order. It is too easy to ridicule it. It is too hard to explain why we are providing an incentive for investments in vacation homes and antique cars.

There are some who will be beguilded with the President's campaign proposal. It's both flashy and simple. It promises a return to the good old days. It promises the combined benefits of the low tax reform rates and the old tax preferences. It promises that you can have it all.

The politics of this issue may turn out to be quite strange. I would think that the representatives of the securities industry would oppose the President's proposal because it restores the 1-year holding period. It prospers when investors trade stock, not when investors hold it. It fought for the 6-month holding period and it loves the zero holding period even more.

There are, however, investors who specialize in making long-term, high-risk investments, the venture capitalists. They know that the entrepreneurs they back cannot pay out any dividends. They know that some of these ventures fail. They know that the secondary market for their investments is weak. But, they take the risk because there can be tremendous rewards.

The natural constituency for the venture capital gains bill is the venture capital industry. In fashioning this bill I have worked closely with the National Venture Capital Association and the National Small Business Investment Company Association. These asociations can understand the rationale for a long holding period and for rewarding high-risk investments.

In fact, I woud argue that it is in the interest of the venture capitalist to oppose the President's campaign proposal. If the President's proposal were to be adopted—which I think is exceedingly unlikely—the primary beneficiary will be the securities industry, which specializes in shorter term, lower risk investments. The 1 year holding period will lead investors away from longer term, higher risk investments. It is even possible that the pool of venture capital investors may shrink. The President's proposal may discourage longer term, higher risk investments.

The tax reform law did eliminate many tax preferences. It did deregulate the tax system. This means that whatever tax incentives are left are even more powerful. There aren't many tax incentives left and those which remain are all the more attractive. If the President's campaign proposal were to be adopted, it will be the dominant tax issues for all investments. And, it is not focused on the type of investments made by venture capitalists.

On the other hand, if the venture capital gains bill is adopted, it will provide a powerful incentive that is tailor made for venture capital investments. If it is adopted, the pool of venture capital may increase. There will be an incentive for longer term, higher risk investments and perhaps a slight disincentive for shorter term, lower risk investment.

Indeed, the President's campaign proposal and the venture capital gains bill may have opposite effects. One helps the securities industry and one helps the venture capital industry. It is clear to me that these two industries cannot agree on one approach to the capital gains issue. Their interests are inconsistent. That's just a statement of fact. And the sooner the venture capital industry realizes this fact, and takes the lead on the capital gains issue, the sooner we can amend the tax reform law.

I am proposing that we reform the old capital gains tax to meet the legitimate objections which were raised to it during the tax reform debate. The venture capital gains bill takes the debate on capital gains back to its roots. It avoids ideology, it avoids supply-side magic, and it forces the opponents of the capital gains tax preference to debate real issues.

In any event, the revenue impact of the President's campaign proposal is so severe, it is quite unlikely that it can be pursued next year or at any time in the foreseeable future. Next year we are facing a drastic and mandatory reduction in the deficit under the Gramm-Rudman-Hollings law. We may have to cut $40 or more from the fiscal 1990 deficit. It is inconceivable that the Congress can seriously consider a proposal which is estimated to increase the deficit by tens of billions of dollars.

It will also be difficult to consider the venture capital gains bill this year, but, it will not be impossible to consider it. It does lose revenue, but this year the Congress may well enact a significant tax increase. If that tax increase involves tinkering with tax rates, particularly the 33 percent recapture bracket, it is quite possible that Congress will balance this move by reducing the maximum capital gains tax rate to 28 percent or even reduce it along the lines suggested in my bill. So, there is a plausible scenario for considering my bill this year and there is no plausible scenario for considering the President's campaign proposal.

For these reasons I must oppose the President's campaign proposal on capital gains. That proposal is counterproductive to the goal of encouraging long-term, high-risk investments. It delays the day when we can focus on a reasonable, responsible and realistic capital gains proposal. It is not a realistic option in the current budget climate.

If our only choice is between the President's campaign proposal and nothing, I would have to prefer no change in the current law. And it is in the interest of the venture capital industry to take the same position.

But, that is not the choice. We can restore a capital gains preference

which is fiscally responsible, which will generate economic growth and jobs, which complements the tax reform legislation, and which is tailor made for the venture capital industry.

I am convinced that the venture capital gains bill is a solid, practical and reasonable proposal. It is, in fact, the only realistic option which has been proposed to restore the capital gains tax preference.

I ask unanimous consent that a table summarizing the differences between my capital gains proposal and that of the President during the campaign be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

COMPARISON OF CAPITAL GAINS PROPOSALS

	Bush campaign	Senator Bumpers
Maximum tax rate	15 percent	21 percent.
Exclusion on gain	Unknown	25 percent.
Holding period	1 yr	4 yrs—Favors long-term investments.
Investments covered	Any capital asset, including stock, real property and collectibles.	Stock of small business ($100,000,000 paid in capital).
Capital formation	Covers secondary market trading.	Covers only direct investments in new stock issues.
Windfall	Retroactive to past investments, confers huge windfall.	Only applies to new investments, no windfall.
Minimum tax apply	No	Yes, ensuring fairness.
Revenue loss	$40,000,000,000 over 3 yrs.	Less than $500,000,000 over 3 yrs.

By Mr. HEFLIN:

S. 351. A bill to urge negotiations with the Government of France for the recovery and return to the United States of the C.S.S. *Alabama*; to the Committee on Foreign Relations.

S. 352. A bill to urge negotiations with the Government of Mexico for the preservation and study of the wreck of the U.S.S. *Somers*, and for other purposes; to the Committee on Foreign Relations.

"C.S.S. ALABAMA" AND "U.S.S. SOMERS"

Mr. HEFLIN. Mr. President. I rise today to introduce two bills which will preserve American history. One of these bills pertains to the Confederate States Steamer [C.S.S.] *Alabama* and the other pertains to the United States Steamer [U.S.S.] *Somers*. Both of these ships currently lie on the ocean floor in non-U.S. waters. The C.S.S. *Alabama* lies off of the coast of France and the U.S.S. *Somers* sits in the territorial waters of Mexico.

For many months now, the State Department has been negotiating with the Governments of France and Mexico to obtain permission to recover these ships and their artifacts for historical display. Throughout these negotiations, our Government has maintained that title to these ships and their artifacts is vested in and has never been abandoned by the United States. This view has, however, been disputed by foreign governments and the negotiations have been long, laborious and sometimes unsuccessful.

At present, with respect to the C.S.S. *Alabama*, I understand that a tentative agreement has been reached to form a tripartite commission from the United States, France, and Great Britain to oversee the recovery and disposition of her artifacts.

In the case of the U.S.S. *Somers*, less agreement has been reached, although I understand that the Mexican Government has agreed to allow the United States to recover any of her military dead who went down with the vessel.

To ensure that other nations understand our country's intent to recovery as much of these vessels and their artifacts as possible, I introduce these bills. These ships have important historical significance to my home State of Alabama and to the Nation as a whole. I implore the Foreign Relations Committee to hold hearings on these bills as expeditiously as possible and I urge my fellow Senators to support their passage. I also ask unanimous consent that a brief history of each of these illustrious vessels follow my remarks.

THE "C.S.S. ALABAMA"

On August 24, 1862, Capt. Raphael Semmes, commissioned the Confederate States Steamer, the C.S.S. *Alabama*, under the direct orders of Jefferson Davis, President of the Confederacy. During the next 2 years, the C.S.S. *Alabama* acquired the reputation as the most feared of all Confederate warships. She captured and burned 55 Union merchant ships and she bonded 10 others. No other Confederate raider matched her record which is detailed in the reports of Commander Semmes to the Secretary of the Navy. In one of these such reports, Commander Semmes recounted his battle with the U.S.S. *Hatteras* which he describes in the following words:

> We now hailed in turn to know who the enemy was, and when he had received the reply that he was the U.S.S. *Hatteras* we again hailed him and informed him that we were the C.S.S. *Alabama*, and at the same time I directed the first lieutenant to open fire upon him. Our fire was promptly returned, and a brisk action ensued, which lasted, however, only thirteen minutes, as at the end of that time the enemy fired an off gun and showed a light, and upon being hailed by us to know if he had surrendered, he replied that he had and that he was in a sinking condition. I immediately dispatched boats to his assistance, and had just time to remove the crew when the ship went down * * *. We received a few shot holes from the enemy, doing no material damage. The enemy's steamer *Brooklyn* and another steamer steamed out in pursuit of us soon after the action commenced, but missed us in the darkness of the night.

Many were the times that the C.S.S. *Alabama* destroyed another ship and then disappeared into the darkness of the night without sustaining any significant damage. Along with the report of the battle with the U.S.S. *Hatteras*, Commander Semmes included a list of the enemy's ships which he had burned, bonded and destroyed. The total value of vessels which the C.S.S. *Alabama* had disposed of as of May 1863 was $3,100,000. The total number of prisoners paroled as of that date was 795. During the short period from January 25 to May 10, 1863, the C.S.S. *Alabama* captured, burned, or bonded a total of 20 vessels.

The C.S.S. *Alabama*'s illustrious record was arrested, however, on June 19, 1864 in the naval Battle of Cherbourg, one of the most dramatic events of the War Between the States.

After many exhausting months at sea, Capt. Raphael Semmes planned to relinquish command of the C.S.S. *Alabama* at Cherbourg Harbor in France and have the ship's hull, rigging, and engines overhauled. But, on June 14, 1864, before Semmes could obtain the permission necessary to dry dock his ship, the U.S.S. *Kearsarge* steamed into the harbor. Although Executive Officer John McIntosh Kell cautioned Semmes that, at target practice in the spring, two out of every three of the ship's fuses had been inoperative due to defective powder, Semmes' brave and aggressive spirit dominated. He was determined to fight the *Kearsarge*. During the 3 days of intense preparation for the battle, Semmes felt confident in his crew and in his ship. He expressed this sentiment in his journal where he wrote: "My crew seems to be in the right spirit, a quiet spirit of determination pervading both officers and men. The combat will no doubt be contested and obstinate, but the two ships are so equally matched that I do not feel at liberty to decline it."

On Sunday, June 19, 1864, a reported 17,000 spectators gathered on the French coast to witness the confrontation. Dozens of yachts and small craft followed as the band on a French warship played "Dixie." One of these spectators was the wealthy Englishman John Lancaster who was aboard his private yacht, the *Deerhound*. Also watching the contest from a private boat was the famed artist Edouard Manet.

After the *Alabama* chased the *Kearsarge* 7 miles out to sea, the *Kearsarge* turned around and headed for the *Alabama*. The *Alabama* discharged the first shot, which went too high. The *Alabama* then fires two more shots which were also too high. The *Kearsarge*'s first shot struck the *Alabama* near her forward port and was followed by a full broadside to the *Alabama*. The ships then forced into a circular track traveling at full steam, moving in opposite directions and each fighting her starboard side. They made seven complete circles before the

end of the action, gradually lessening the distance between them. The conflict continued with the *Alabama* firing at least two shots for every one fired by the *Kearsarge*. However, the *Alabama* generally fired too high.

With the action continuous on both sides, an 11-inch shell careened through the *Alabama*'s gun port and wiped out "like a sponge from a blackboard one-half of the gun's crew." A second shell did further damage and when a third shell struck the breast of the gun carriage and spun around on deck without exploding, a compressor man quickly picked it up and threw it overboard.

After about 20 minutes of fighting, a shell from the *Alabama* struck the hull of the *Kearsarge*. The crew onboard the *Alabama* cheered wildly, believing that this shot had crippled the *Kearsarge*, before they realized that no damage had been done. Semmes was stunned in disbelief. Not knowing that the *Kearsarge* was protected by chains slung over her sides and then covered by wooden planks, he and his men continued to hope for the one shot which would disable the *Kearsarge*. That shot never came.

From the horse block, the highest point on the deck of the ship, Semmes observed the damage done to his ship by the enemy's fire. He was astonished by the accuracy of the enemy's guns and he offered a reward to any gun crew that could silence the guns which were damaging his ship and crew.

On shore, Captain Sinclair recognized part of the problem—the powder smoke of the *Kearsarge* was light, in contrast to puffs of heavy steam from the *Alabama* which indicated damaged powder. Even a hundred-pound shell which lodged in the rudderpost of the *Kearsarge* failed to explode—the failure due apparently to faulty powder.

Of the 370 shots they fired at the *Kearsarge*, only 28 hit their target and those shots caused only minor damage. There were no casualties and only three Union sailors were wounded.

The *Alabama*, on the other hand, suffered substantial damage. The rudder was damaged and steering was difficult. An 11-inch shell barreled through the *Alabama*'s starboard side and emanated from her port side, leaving huge, gaping holes. A coal bunker collapsed and with only two boilers then working, the *Alabama* steamed ahead at greatly reduced speed. The *Alabama* now leaned heavily to starboard, filled with holes, smoke and seawater—but, in the spirit and tradition of men and women of the South, Semmes kept on fighting.

The story of this battle is long and told well by Dr. Norman C. Delany, author of the book, "John McIntosh Kell of the Raider Alabama":

[Semmes] believed that by shifting the weight of his battery from starboard to port he might raise the shot holes above the water line. The ship was now five miles from the coast and with luck might make the three-mile limit. He gave the order: "Mr. Kell, as soon as our head points to the French coast, * * * shift your guns to port and make all sail for the coast."

Then Kell appeared at the skylight above the engine room and shouted to the men below, "Put on steam!" Engineers William Brooks and Matt O'Brien, covered with sweat and coal dust, answered that the *Alabama* carried all the steam it could manage without blowing up. Then reconsidering, O'Brien declared: "Let her have the steam; we had better blow her to hell than to let the Yankees whip us!" But it would have taken more than a few extra pounds of steam pressure to save the *Alabama*. Winslow had anticipated Semmes' intentions and steamed across his adversary's bow.

Exhausted officers and sailors continued fighting from the port side, but with water rushing into the gangway at every roll, they felt that "the day was lost." O'Brien came on deck to report that the rapidly rising water was almost flush with the furnace fires * * *. Semmes listened in silence, then ordered: "Return to your duty!" The engineers felt certain that they would go down with the ship.

Semmes ordered Kell to determine how long the ship could remain afloat. Going below, Kell observed holes in the hull "large enough to admit a wheelbarrow." Kell returned to the deck and reported that the ship could not last for more than ten minutes. Semmes gave the order: "Then, sir, cease firing, shorten sail, and haul down the colors; it will never do in this nineteenth century for us to go down, and the decks covered with our gallant wounded." As there was no white flag available, a man on the spanker boom held up a makeshift one. Winslow, unconvinced that his enemy had surrendered, cried out: "Give it to them again, boys; they are playing us a trick!" Each of his gun captains obeyed instantly, firing five volleys into the *Alabama* * * *. Aboard the doomed Raider, Kell cried out: "Stand to your quarters, men. If we must be sunk after our colors are down, we will go to the bottom with every man at his post!" But when the white flag was again raised on the spanker boom, all firing ceased. Semmes then ordered Kell, "Dispatch an officer to the *Kearsarge* and ask that they send boats to save our wounded—ours are disabled."

Aboard the sinking vessel Kell gave the order to abandon ship and directed the men to find a spar or whatever else might assist them in keeping them afloat. Semmes, still wearing his cap, trousers and vest, grabbed a life preserver, discarded his sword and began to swim.

Later, Executive Officer Kell remembered looking back for his last view of the *Alabama*: "As the gallant vessel, the most beautiful I ever beheld, plunged down to her grave, I had it on my tongue to call the men who were struggling in the water to give three cheers for her, but the dead that were floating around me and the sadness I felt at parting with the noble ship that had been my home so long deterred me."

Many survivors were picked up by the *Kearsarge* and taken prisoner; however, Semmes, along with some other crew members, was rescued by the private yacht, the *Deerhound*. As the *Alabama* sank stern first, the *Deerhound* was observed to be stealing away. Guns were turned toward her but *Kearsarge* Captain Winslow ordered his men not to fire. The *Deerhound* steamed toward England and thus Semmes escaped. In 1865, Semmes returned to the Confederacy where he continued fighting until the war's end. After the war, he returned to Mobile where he practiced law until his death in 1877.

The C.S.S. *Alabama*, which sank in what were then high seas, was located within the French territorial waters by a French minesweeper in 1984.

THE "U.S.S. SOMERS"

On April 16, 1842, the U.S. Brig *Somers* was launched by the New York Naval Yard. On that day, she began her career as one of the most famed sailing ships in the history of the U.S. Navy. She was not a very large vessel, only 102 feet overall, weighing 259 tons. Although she was trim and very fast for her size, she was very much overrigged, with a mainmast that towered 130 feet above the deck. This was one of the factors that led to her eventual capsizing and foundering off of the coast of Veracruz, Mexico, on December 8, 1846.

On September 13, 1842, the *Somers* left New York under the command of Alexander Slidell Mackenzie for a training cruise to the Atlantic coast of Africa. The events which occurred onboard the *Somers* during this journey ensured her place in U.S. naval history. On this training cruise, the *Somers* was the scene of an attempted mutiny. The leader of the mutiny was Philip Spencer, the 18-year-old son of U.S. Secretary of War John Canfield Spencer. As a result of his mutinous activities, Philip Spencer was hanged, along with two other accused mutineers. Upon returning to New York, the mutiny and the hangings became the great controversial topics of the day.

In fact, Herman Melville, whose cousin was second-in-command of the *Somers*, became obsessed with the attempted mutiny. These events went on to inspire Melville's classic tale of brutality and injustice, "Billy Budd." In "Billy Budd," Melville writes:

Not unlikely they were brought to something more or less akin to that harassed frame of mind which in the year 1842 actuated the commander of the U.S. brig-of-war *Somers* to resolve, under the so-called Articles of War, Articles modeled upon the English Mutiny Act, to resolve upon the execution at sea of a midshipman and two petty officers as mutineers designing the seizure of the brig.

Although the *Somers* continued her service in the U.S. Navy, the mutiny and hangings would never be forgotten. According to published reports and memoirs of her crew members, up until 2 weeks before she sank in Mexican waters, there were traditions aboard the ship concerning ghosts of

the mutineers seen in the rigging, most often on dark, stormy nights.

The *Somers* ended her illustrious career in 1846, after the outbreak of the United States-Mexican War during which she had been assigned the responsibility of blockading the Port of Veracruz. Lt. Comdr. Raphael Semmes—a famous Alabamian who would later become a naval hero for his service during the War Between the States—was the captain of the *Somers*. On December 8, 1846, while chasing a Mexican ship attempting to run the blockade, the *Somers* capsized and sank within 10 minutes. Two days later, on December 10, 1846, Captain Semmes filed the following report:

Sir: It becomes my painful duty to inform you of the loss of the U.S. Brig *Somers*, late under my command, and of the drowning of more than half her crew. The details of this sad catastrophe are briefly, as follows: After having been forty-five days maintaining the blockade of Veracruz, I anchored, on the evening of the 7th inst., under Verde Island; where it had been my practice to take shelter from the north-west gales, that blow with such frequency and violence along this coast, at this season of the year * * *.

Semmes continued to describe how rescue efforts were made but only 37 of the 76 crew members managed to survive. Semmes was later acquitted from any responsibility he might have had in the loss of the U.S. *Somers* and half of her crew.

The *Somers* was located deep in the waters off Veracruz, Mexico, in June 1986. This ship is believed to be the best and one of the only shipwrecks found of its historical period, the 1840's.

By Mr. EXON:

S. 353. A bill to amend the Internal Revenue Code of 1986 to allow the use of U.S. savings bonds for any individual's higher education expenses to qualify for an income exclusion; to the Committee on Finance.

INCOME EXCLUSION FOR EDUCATIONAL SAVINGS BONDS

Mr. EXON. Mr. President, I rise today to introduce legislation which will build upon legislation passed last year. As part of the Technical and Miscellaneous Revenue Act, Congress included a provision that allowed interest earned on U.S. savings bonds to be exempt from gross income if the bonds were used for higher education tuition and fees. However, this exemption is only available for individuals, age 24 or older, who have purchased and are sole owners of the bonds, or who own such bonds jointly with their spouse and the bonds are used for the educational expenses of the individual, his or her spouse and dependents.

My legislation will open up that exemption by allowing relatives and friends to also purchase bonds to be used for the educational expenses of a student. My legislation does not change any other provision of the law passed last year. The relatives and friends will have to meet the age 24 requirement and also buy and hold the bonds in their own name and redeem the bonds using the appropriate procedures as set forth in the law to receive the exemption.

I think this is straight forward legislation. It simply allows Grandma, Uncle Fred, or Mom's dearest friend Lucille to help pay tuition costs for a student and receive the interest exemption.

Most families spend a lifetime trying to save enough money to send their children to college. A college education is part of the American dream, however, with the rising cost of education, it is becoming more and more difficult for families to afford this expense. Ten years ago, grants comprised 80 percent of the average student aid package, with loans making up less than 20 percent. Today, a student aid package is comprised of more than 50 percent loans, leaving grants to make up less than 48 percent for the average aid package. And now, with new graduates facing a debt of tens of thousands of dollars at the beginning of their working lives, even loans are moving out of the reach of many individuals. We are quickly moving backward in time to the day when a college education was a privilege reserved only for the wealthy.

We clearly need to help the lower and middle income families regain some financial stability and hold on to whatever meager economic security they gained a few years ago. Savings bonds are an easy, economical and familiar way to save.

Mr. KENNEDY was the moving force behind the legislation adopted last year and I thank him for bringing this issue before Congress and the American people. I began working on this idea of expanding benefits last year as well. Since passage of that legislation I have received several inquiries from individuals expressing strong interest in the program. However, many were disappointed to find out that as a friend or relative, they were ineligible for the exemption. If we are trying to stimulate savings, and encourage education, why limit the incentive to such a small audience? When it comes to financing the soaring costs of postsecondary education, every little bit helps.

Although some States, such as Michigan, have already established their own tuition assistance program, this idea has been slow to catch on. There are also some serious concerns about how helpful these types of programs will be. Savings bonds are completely portable and will follow a student to any qualified school he or she should choose to attend, whether "in-state" or "out-of-state," a 4-year liberal arts school or a 2-year vocational technical school.

Mr. President, this is a small step in the long journey of making college affordable again. Howver, I think it is a very important one. I urge swift consideration of this legislation and encourage my colleagues to join me in supporting and cosponsoring this bill.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

S. 353

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. INCOME EXCLUSION FOR EDUCATIONAL SAVINGS BONDS EXPANDED.

(a) IN GENERAL.—Subparagraph (A) of section 135(c)(2) of the Internal Revenue Code of 1986 (defining qualified higher education expenses) is amended to read as follows:

"(A) IN GENERAL.—The term 'qualified higher education expenses' means tuition and fees required for enrollment or attendance of any individual at an eligible educational institution.".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the amendments made by section 6009 of the Technical and Miscellaneous Revenue Act of 1988.

By Mr. EXON (for himself, Mr. BOREN, and Mr. SHELBY):

S. 354. A bill to provide that during a 2-year period each item of any bill making appropriations that is agreed to by both Houses of the Congress in the same form shall be enrolled as a separate joint resolution for presentation to the President; to the Committee on Rules and Administration.

LINE-ITEM VETO

Mr. EXON. Mr. President, on the first working day of this Congress I took the floor to discuss our Nation's most pressing economic priority; that is, deficit reduction and to introduce a proposed constitutional amendment to require the President to submit and the Congress to enact a balanced Federal budget.

Today I rise to introduce legislation which would give the President line-item veto authority which would apply to appropriations bills. This legislation is similar to the line-item veto bill which was cosponsored by 37 Senators in the last Congress.

I am proud to have Senator BOREN and Senator SHELBY as original cosponsors of this measure.

Both former Senator Dan Evans, the sponsor of line-item veto legislation in the last Congress, and I were once Governors who had the line-item veto authority. I can personally attest that this power was a very useful tool in controlling spending and keeping the Nebraska State budget in balance. It is time that the President be given the authority that 43 Governors now have.

Throughout my years in public life I have been an advocate for fiscal responsibility. Like many Americans, I deeply hold the common-sense belief that a Nation, just like a family or a business can not remain economically strong if it consistently spends more than it earns.

Somewhere along the way, Congress and the President lost sight of the principle of fiscal discipline. When I came to the Senate, our Nation faced a deficit for fiscal year 1979 of $27.7 billion. Today, our Nation faces an annual deficit that is over six times as large. The total Federal debt for fiscal year 1979 was $833.8 billion. The total Federal debt today exceeds $2.6 trillion. The time has come to employ new devices to control Federal spending.

The line-item veto and the balanced budget constitutional amendment are two long-term structural changes that can be made to our Federal budget procedures to restore some degree of fiscal discipline.

When I was Governor of the great State of Nebraska, I had the benefit of the line-item veto power and a constitutional amendment which required a balanced budget. Both were powerful tools in restraining the spending of the Nebraska State Legislature. Just as important, the two constitutional provisions put the Governor at the center of the annual budget debate. With line-item veto, all parties were made responsible for their budget actions.

A Federal line-item veto would finally give the President the no-excuses ability to show leadership on the Federal budget.

If the President had line-item veto authority, he could remove the middle-of-the-night pork barrel legislation which has a habit of sneaking into must pass appropriations bills. He would also be held responsible for failing to exercise his new power.

Like the balanced budget amendment, the line-item veto is not a cure-all. However, it will help. Given the seriousness of the deficit situation, we must take every available means to reduce wasteful spending.

If any vetoed spending item is important enough, Congress can override the President's line-item veto. As an added protection, the legislation I propose would sunset within 2 years if not reauthorized.

Mr. President, I ask my colleagues to give this legislation serious consideration. The line-item veto works well in many States of the Union and, at a minimum, it should be given a chance at the Federal level.

I ask unanimous consent that the text of this legislation be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 354

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. ENROLLMENT OF CERTAIN JOINT RESOLUTIONS.

(a) IN GENERAL.—

(1) Not withstanding any other provision of law, when any bill making continuing appropriations is agreed to by both Houses of the Congress in the same form, the Secretary of the Senate (in the case of a joint resolution originating in the Senate) or the Clerk of the House of Representatives (in the case of a joint resolution originating in the House of Representatives) shall cause the enrolling clerk of such House to enroll each item of such joint resolution as a separate bill.

(2) A bill that is required to be enrolled pursuant to paragraph (1)—

(A) shall be enrolled without substantive revision,

(B) shall conform in style and form to the applicable provisions of chapter 2 of title 1, United States Code (as such provisions are in effect on the date of the enactment of this section), and

(C) shall bear the designation of the measure of which it was an item prior to such enrollment, together with such other designation as may be necessary to distinguish such bill from other joint resolutions enrolled pursuant to paragraph (1) with respect to the same measure.

(b) PROCEDURES.—A bill enrolled pursuant to paragraph (1) of subsection (a) with respect to an item shall be deemed to be a bill under Clauses 2 and 3 of Section 7 of Article 1 of the Constitution of the United states and shall be signed by the presiding officers of both Houses of the Congress and presented to the President for approval or disapproval (and otherwise treated for all purposes) in the manner provided for bills and joint resolutions generally.

(c) DEFINITION.—For purposes of this section, the term "item" means any numbered section and any unnumbered paragraph of any bill making continuing appropriations.

(d) APPLICATION.—The provisions of this section shall apply to bill agreed to by the Congress during the two-calendar-year period beginning with the date of the enactment of this section.

By Mr. RIEGLE (for himself, Mr. MITCHELL, Mr. DURENBERGER, Mr. CHAFEE, Mr. DODD, Mr. PELL, Mr. CONRAD, Mr. ROCKEFELLER, Mr. BOND, Mr. DANFORTH, Mr. SASSER, Mr. PRYOR, Mr. REID, Mr. LEVIN, Mr. DIXON, Mr. GORE, Mr. INOUYE, Mr. WIRTH, Mr. BRYAN, Mr. SARBANES, Mr. MCCAIN, Mr. SHELBY, Mr. BOSCHWITZ, Mr. MATSUNAGA, Mr. BUMPERS, Mr. COHEN, Mr. MOYNIHAN, Mr. GRASSLEY, Mr. COCHRAN, Mr. DASCHLE, Mr. D'AMATO, Mr. MCCONNELL, and Mr. LIEBERMAN):

S. 355. A bill to amend the Internal Revenue Code of 1986 to extend through 1992 the period during which qualified mortgage bonds and mortgage credit certificates may be issued; to the Committee on Finance.

ISSUANCE OF QUALIFIED MORTGAGE BONDS AND MORTGAGE CREDIT CERTIFICATES

Mr. RIEGLE. Mr. President, I rise today to introduce legislation to extend the Mortgage Revenue Bond [MRB] and the Mortgage Credit Certificate [MCC] programs for an additional 3 years. I am pleased to be joined in offering this legislation with over 30 of my colleagues in the Senate.

For 50 years the Federal Government along with State and local governments and the American housing industry have collaborated to make America the best-housed Nation in the world. It is a partnership that has worked well.

Yet, recent statistics suggest that the dream of homeownership is becoming more and more difficult to achieve for many Americans. Today, the Nation's homeownership rate is at its lowest level in 15 years. This decline occurs at a time when members of the baby boom are at the prime home-buying age and during one of the most sustained economic recoveries on record.

As many of my colleagues know, MRB's are issued by State and local housing agencies to provide funds for home mortgages at rates about 2 percentage points below the market rate. This, in turn, helps to ease the problem of housing affordability for many young families seeking to purchase their first home.

Since its inception, the Mortgage Revenue Bond Program has helped to finance over 900,000 homes. The national average household income of MRB financed is $26,000.

Mortgage Credit Certificates like MRB's are also issued by State and local housing agencies to provide financial assistance to first-time homebuyers. With an MCC, a homeowner may take a credit each year against his or her tax liability for a portion of mortgage interest paid.

My home State of Michigan has been a pioneer in the use of mortgage credit certificates. The total volume of mortgage credit certificates in Michigan is now $140 million. These certificates have been servicing households, on average, with incomes of $22,500 and now operate through 136 lenders in over 1,000 branches in Michigan.

Unfortunately, Mr. President, current authority for these programs are set to expire in December of 1989. The legislation I am introducing today extends these sunset dates through the end of 1992. Identical legislation is being introduced in the House of Representatives by Congressman DONNELLY.

I urge my colleagues in the Senate to support this legislation and to keep in place two valuable programs that aid and promote first-time homeownership throughout the Nation.

Mr. President, I ask unanimous consent that a copy of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 355

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subparagraph (B) of section 143(a)(1) of the Internal Revenue Code of 1986 is amended by striking out "1989" each place it appears and inserting in lieu thereof "1992".

(b) Subsection (h) of section 25 of such Code is amended by striking out "1989" and inserting in lieu thereof "1992".

● Mr. D'AMATO. Mr. President, I rise today in support of legislation that extends the life of the Mortgage Revenue Bond Program. This program has provided a substantial boost to homebuyers throughout the Nation. In New York, mortgage revenue bonds have created an exemplary low-cost housing program for nearly 45,000 families—many of whom would not have qualified for conventional financing. I commend my colleague Senator RIEGLE for his commitment and dedication to providing affordable housing opportunities to homebuyers across the country.

As we all know, the very existence of the Mortgage Revenue Bond Program was called into question last year as it was scheduled to sunset on December 31, 1988. However, on November 11, 1988, President Reagan signed into law H.R. 4333, the Technical and Miscellaneous Revenue Act of 1988. This law extends the authority of State and local governments to issue qualified mortgage bonds (mortgage revenue bonds) and mortgage credit certificates for financing single-family, owner-occupied housing until December 31, 1989. As the ranking member of the Housing Subcommittee and a strong proponent of homeownership, I was pleased to cosponor and support this legislation.

While I support the efforts of this new law, I believe that it does not go far enough. We need to further extend the MRB Program to assist even more homebuyers. The legislation that we are introducing today will do just that—extend the sunset date to December 31, 1992—and open the door of homeownership to many more Americans.

I am pleased that the Congress was able to see the merit in continuing a program that provides first time homebuyers an opportunity that they might not otherwise have. I am now hopeful that Congress will recognize the importance of this program. I commend my colleague, Mr. RIEGLE, chairman of the Banking Committee, for introducing this legislation, and I urge my colleagues to join me in cosponsorship.●

Mr. CHAFEE. Mr. President, I am pleased to join in introducing S. 355 to extend the authorization of the Mortgage Revenue Bond Program in the Internal Revenue Code from the current expiration date of December 31, 1989 until December 31, 1992.

Recent testimony before the Senate Housing Subcommittee suggests that the dream of homeownership is becoming more and more difficult to achieve for many Americans. Today, the Nation's homeownership rate is at its lowest level in 15 years. This decline occurs at a time when members of the baby boom are at the prime homebuying age and during one of the most sustained and vigorous housing recoveries on record.

Homeownership is an important part of the American dream and I believe we must continue to provide tax incentives for programs that assist low-income Americans in acquiring their first home. We must reverse the declining homeownership trend that has existed in this country since 1980.

The Mortgage Revenue Bond [MRB] Program authorizes States to issue tax-exempt mortgage revenue bonds to provide below marketrate financing for the purchase of homes by citizens in those States. This below marketrate financing allows first time homebuyers to purchase a home, when they would not be able to buy a house with any of the conventional financing methods.

In 1986, we adopted a State volume cap which placed a limit on the total amount of private purpose tax-exempt bonds that could be issued by a State. The MRB Program expands the types of private-purpose bonds that can be issued by a State within its volume cap. I believe it is vitally important that we allow States to utilize the volume cap in the most beneficial way for each State's businesses and citizens.

The General Accounting Office issued a report last year analyzing the Mortgage Revenue Bond Program. I was troubled by many of the conclusions that were drawn from the data in the study. The study covered the State MRB programs from November 1983 through June 1987, and as a result, a majority of the information, on which the study is based, comes from a period before the program was targeted toward low-income, first time homebuyers.

The report states that with the additional assistance of an adjustable rate mortgage [ARM], 79 percent of the participants in the State MRB programs could have bought the same house, or one within 10 percent of its purchase price. This statistic bolsters an argument that MRB programs are not absolutely necessary to provide housing to participants. However, this conclusion is not valid, since we do not know how much of that 79 percent represents people in the "within 10 percent of purchase price" category. In many areas of this country, homebuyers may not be able to find a house for less than the price they paid, especially not 10 percent less.

The Mortgage Revenue Bond Program is an important part of the State housing program in my home State. I have received a great deal of information from the Rhode Island Housing and Mortgage Finance Corporation, which manages the MRB Program in my State, that illustrates the vital importance of this program to fulfilling the homeownership dreams of low-income Americans.

In the 15 years that Rhode Island Housing and Mortgage Finance Corporation has existed, almost 35,000 families have been able to purchase a home utilizing a mortgage from our MRB Program. The managers of the MRB Program have calculated that approximately 80 percent of the families served by the MRB Program would not have been able to qualify for a conventional mortgage.

The average family income of the participants in the Rhode Island MRB Program is $24,845—well below Rhode Island's $33,700 statewide median income. The average age of mortgage recipients is 31.6 years, which indicates that the program is not assisting only young people right out of college. It is helping young families who may have been in the workforce for 10 or more years before they could afford to buy a house.

First homes, the current mortgage program being sponsored by Rhode Island Housing and Mortgage Finance Corporation, offers qualified buyers a fixed interest rate of 8.9 percent, a minimum downpayment requirement of 4–5 percent. The average loan amount, for homes sold under First Homes, is $80,925 on an average sales price of $88,027. This sales price is almost $40,000 less than the median sales price of an existing single-family home in my State. The Rhode Island Association of Realtors has computed the median sales price to be $127,200.

This provides ample evidence that it is imperative for us to extend the authority of the States to issue tax-exempt bonds to provide mortgage revenue bond financing to our young families who would not otherwise be able to fulfill the American dream by purchasing a first home.

Thank you, Mr. President.

By Mr. GRAMM:

S. 356. A bill to authorize negotiation of a North American free trade area, to promote free trade, and for other purposes; to the Committee on Finance.

AMERICAN TRADE, GROWTH, AND EMPLOYMENT PROMOTION ACT

Mr. GRAMM. Mr. President, today I am introducing legislation which, if implemented, would result in a new era of economic growth and prosperity

for the United States and for each country that becomes part of the expanded trade program that the bill outlines. The American Trade, Growth, and Employment Promotion Act would increase economic opportunity by expanding the markets for U.S. exports while at the same time increasing the quality and variety of choices for American consumers. This will lead to more and better jobs here in the United States and in the countries with which we do business.

Mr. President, for over 200 years it has been well known that expanded trade benefits the many, while restricted trade—particularly protectionism—benefits only a privileged few. This legislation that I am today introducing would benefit America not by erecting new trade barriers, not by creating new benefits for privileged groups at the expense of the average citizen. It would benefit America by establishing free trade agreements and expanded trade areas, made up of countries that are willing to lower trade barriers and increase mutual prosperity. The countries that follow protectionist policies would be left out in the cold, they would risk being left behind, unless they, too, abandoned their protectionist policies and joined the trade barrier reduction effort.

Fortunately, this process has already begun. It started when 13 loosely linked States gave up their trade barriers with each other to form what has become the wealthiest nation the world has ever known. Another major step forward in this process was taken with the recent conclusion of the free trade agreements between the United States and Israel and the United States and Canada. And the Europeans are following this pattern as well, with a comprehensive reduction in economic barriers within the European Community scheduled for 1992.

Mr. President, I look forward to the day when the United States is part of a free trade area extending from Point Barrow, AK, to Cape Horn. That will take some time to accomplish, but we already have an agreement reaching down to the Rio Grande. There is no economic reason why we should not have a free trade agreement with Mexico. The real barriers are political ones. The success of the Maquiladora Program demonstrates that the elimination of trade barriers adds to the prosperity of both our countries. Mexico's current international debt problems are the result of resistance to freer markets in trade and investment. To the extent that the Government leaders in Mexico take effective action to address the fundamental causes of their international debt problem, they will be making progress toward the establishment of a free trade area, and they have already taken some important steps in this regard.

We should also pursue opportunities to conclude agreements for expanded trade areas with other countries that may not be willing to take the complete step of a free trade area. Such expanded trade agreements, while stopping short of total free trade, would still provide for mutual reduction in a broad range of trade barriers. Mr. President, I can think of no more effective way of encouraging the Japanese to abandon unfair trade barriers than for the United States to pursue expanded trade agreements with their chief competitors: Korea, Taiwan, or the ASEAN countries. We would all benefit if we did.

Mr. President, we need to continue the momentum for free trade, because there will always be a strong protectionist head wind. I urge my colleagues to join in this effort.

Mr. President, I ask that the text of the bill be inserted in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 356

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "American Trade, Growth, and Employment Promotion Act".

SEC. 2. FINDINGS.

The Congress makes the following findings:

(1) The income of the United States and its trading partners is increased by the mutual reduction of trade barriers.

(2) The free trade agreements into which the United States has entered with Israel and Canada symbolize the path of prosperity for the United States in its trade relations into the next century.

(3) The establishment of a North American Free Trade Area will promote the mutual reduction of trade barriers with countries outside of the North American continent as well, initiating a series of trade barrier reductions, instead of the series of trade barrier increases likely to result from a resort to protectionism and trade retaliation.

(4) Trade protectionism endangers economic prosperity in the United States and globally and undermines civil liberty and constitutionally limited government abroad.

(5) The reduction of government interference in the foreign and domestic sectors of a nation's economy and the concomitant promotion of economic opportunity and freedoms promote civil liberty and constitutionally limited government.

(6) Developing countries that observe a consistent policy of free trade, the promotion of free enterprise and other economic freedoms (including protection of private property), the removal of barriers to foreign direct investment, in the context of constitionally limited government and minimal government interference in the economy, will follow the surest and most effective prescription to alleviate poverty and provide for economic, social, and political development.

TITLE I—EXPANDED TRADE NEGOTIATING AUTHORITY

SEC. 101. NORTH AMERICAN FREE TRADE AREA.

(a) IN GENERAL.—The President shall take action to initiate negotiations to obtain trade agreements with Mexico, and the Caribbean Basin countries, the terms of which provide for the reduction and ultimate elimination of tariffs and other nontariff barriers to trade for the purpose of promoting the establishment of a North American free trade area.

(b) RECIPROCAL BASIS.—An agreement entered into under subsection (a) shall be reciprocal and provide mutual reductions in trade barriers to promote trade, economic growth, and employment.

(c) BILATERAL OR MULTILATERAL BASIS.—Agreements may be entered into under subsection (a) on a bilateral basis with any foreign country described in that subsection or on a multilateral basis with all of such countries or any group of such countries.

(d) CARIBBEAN BASIN COUNTRIES.—for purposes of this section, the term "Caribbean Basin countries" means the countries designated as beneficiary countries under section 212 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702).

SEC. 102. ESTABLISHMENT OF EXPANDED TRADE AREAS.

(a) IN GENERAL.—The President is authorized to enter into bilateral and multilateral trade agreements with foreign countries, the terms of which provide for reciprocal reductions or eliminations of tariffs and nontariff barriers and subsidies (including, but not limited to, those acts, policies, and practices identified in any report submitted to the Congress under section 181(b) of the Trade Act of 1974 (19 U.S.C. 2241(b))) for the purpose of promoting freer and fairer trade through the establishment of expanded trade areas.

(b) RECIPROCAL BASIS.—An agreement entered into under subsection (a) shall be structured in a manner that ensures a mutual reduction of tariff and nontariff barriers to trade on a reciprocal basis.

SEC. 103. EXPANSION OF TRADE WITH DEVELOPING COUNTRIES.

(a) IN GENERAL.—The President is authorized to enter into trade agreements with any developing country, the terms of which provide, on a nonsymmetrical basis, for the reduction or elimination of tariff and nontariff barriers to trade for the purpose of establishing expanded trade areas and ultimately promoting a reciprocal reduction in barriers to trade.

(b) GRADUAL REDUCTION OF BARRIERS.

(1) Any agreement entered into under subsection (a) shall provide for a reduction or elimination of tariff and nontariff barriers to trade which may be gradually reduced or eliminated by the developing country over a period that does not exceed 5 years.

(2) The President is authorized to enter into an agreement under this section providing for a gradual reduction or elimination of tariff and nontariff barriers by the developing country only if the President determines—

(A) that such gradual reduction or elimination is justified as a transition period in view of the per capita income, economic development, and international competitive position of the developing country, and

(B) that such gradual reduction or elimination will promote the achievement of an eventual mutual elimination of trade barriers.

(c) TERMINATION AND MODIFICATION OF AGREEMENTS.—Any agreement entered into with a developing country under subsection (a) shall provide authority for the President to terminate or suspend such agreement if the President determines that the developing country has failed to carry out its obligations under the agreement.

(d) DEVELOPING COUNTRY.—For purposes of this section, the term "developing country" means any foreign country designated as a beneficiary developing country under section 502 of the Trade Act of 1974 (19 U.S.C. 2462).

SEC. 104. PARTIAL, RECIPROCAL TRADE AGREEMENTS.

In negotiating agreements under this title, the President is authorized to exclude from any of such agreements, on a reciprocal basis, any article or articles if the President determines that the exclusion of such article or articles is necessary to achieve an agreement for a free trade area or an expanded trade area.

SEC. 105. IMPLEMENTATION OF TRADE AGREEMENTS.

(a) REQUIREMENTS.—Any trade agreement entered into under this title shall enter into force with respect to the United States only if—

(1) the President has, at least 45 days before the day on which he enters into such trade agreement, notified the House of Representatives and the Senate of his intention to enter into such an agreement, and promptly thereafter publishes notice of such intention in the Federal Register,

(2) after entering into the agreement, the President transmits a document to the Congress containing a copy of the final legal text of such agreement together with—

(A) a statement of any administrative action proposed to implement such agreement,

(B) if the trade agreement is described in paragraph (3)(A), a draft of an implementing bill,

(C) an explanation of how the proposed administrative and implementing bill, if any, change or affect existing law, and

(D) a statement of the reasons as to how the agreement serves the interests of the United States and as to why the proposed administrative action and implementing bill, if any, are required or appropriate to carry out the agreement, and

(3) either—

(A) in the case of a trade agreement that is entered into with any country described in section 2(b)(2)(B) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)(2)(B)), an implementing bill is enacted into law with respect to such agreement, or

(B) in the case of a trade agreement not described in subparagraph (A), a disapproval bill is not enacted into law within the 90-day period beginning on the date on which the document described in paragraph (2) is submitted to the Congress.

(b) EFFECTIVE DATE OF AGREEMENTS.—If the requirements of subsection (a) are met with respect to a trade agreement entered into under this title, the trade agreement shall enter into force with respect to the United States on—

(1) if the trade agreement is described in subsection (a)(3)(A), the date on which the implementing bill is enacted with respect to such trade agreement, or

(2) if the trade agreement is not described in subsection (a)(3)(A), the day after the close of the 90-day period described in subsection (a)(3)(B).

(c) IMPLEMENTATION AUTHORITY.—The President may, by proclamation or Executive order, reduce, modify, or eliminate—

(1) such duties, and

(2) such restrictions and limitations on the importation of articles,

as may be necessary to implement any trade agreement entered into under this section after such agreement enters into force with respect to the United States.

(d) DISAPPROVAL BILLS.—

(1) For purposes of this section, the term "disapproval bill" means a bill, the only matter after the enacting clause of which is as follows: "That the Congress disapproves of the trade agreement submitted to the Congress on ——.", the blank space being filled with the appropriate date.

(2) Any disapproval bill that is introduced in the Senate or House of Representatives shall be treated as an implementing bill for purposes of subsections (d), (e), (f), and (g) of section 151 of the Trade Act of 1974 (19 U.S.C. 2191).

(e) COMPUTATION OF TIME.—Each period of time described in paragraphs (1) and (3) of subsection (a) shall be computed without regard to—

(1) the days on which either House of Congress is not in session because of an adjournment of the more than 3 days to a day certain or an adjournment of the Congress sine die, and

(2) any Saturday and Sunday, not excluded under paragraph (1), when either House of the Congress is not in session.

(f) CONFORMING AMENDMENT.—Paragraph (1) of section 151(b) of the Trade Act of 1974 (19 U.S.C. 2191 (b)(1)) is amended by striking out "or section 1103 (a)(1) of the Omnibus Trade and Competitiveness Act of 1988" and inserting in lieu thereof, "section 1103 (a)(1) of the Omnibus Trade and Competitiveness Act of 1988, or section 105 (a) of the American Trade, Growth, and Employment Promotion Act".

By Mr. SYMMS (for himself, Mr. DIXON, Mr. NICKLES, Mr. BENTSEN, Mr. BOREN, Mr. BOSCHWITZ, Mr. BURNS, Mr. COCHRAN, Mr. DURENBERGER, Mr. FORD, Mr. GARN, Mr. GRASSLEY, Mr. HARKIN, Mr. HEFLIN, Mr. HELMS, Mrs. KASSEBAUM, Mr. MCCLURE, Mr. PRESSLER, Mr. PRYOR, Mr. ROTH, Mr. WALLOP, Mr. CONRAD, Mr. DOMENICI, and Mr. MCCONNELL):

S. 357. A bill to provide that the Secretary of Transportation may not issue regulations reclassifying anhydrous ammonia under the Hazardous Materials Transportation Act; to the Committee on Commerce, Science, and Transportation.

CLASSIFICATION OF ANHYDROUS AMMONIA

Mr. SYMMS. Mr. President, today the senior Senator from Illinois [Mr. DIXON], the Senator from Oklahoma [Mr. NICKLES], and myself, joined by 18 of our colleagues, are introducing legislation to prevent the Secretary of Transportation from reclassifying the common fertilizer compound, anhydrous ammonia, as a poisonous gas.

Anhydrous ammonia is the liquid form of pure ammonia gas. It is commercially formed by compressing dry ammonia (NH_3), which is itself produced by what is known as the Haber process. This involves the combining of nitrogen and hydrogen in the presence of a catalyst at 550 degrees Centigrade and at 200 to 250 times normal atmospheric pressure. In nature, ammonia is produced every time a plant or animal dies and undergoes decomposition by certain bacteria or fungi. These microorganisms produce ammonia from the nitrogen compounds found in decomposing organic matter and in the body waste excreted by animals. That is why barnyard manure has such an acrid smell, and it also happens to be the same reason why manure is such a good fertilizer.

Because anhydrous ammonia is 82 percent nitrogen, the compound makes an excellent nitrogen-enhancing fertilizer. It is commonly used by farmers throughout the Nation in a mixture with water. This solution is then applied directly to a field. It can also be used in a mixture containing compounds of phosphorus and potassium.

I offer this brief background, Mr. President, because information is usually the best cure for unfounded fear. Those unfamiliar with anhydrous ammonia may assume it to be a complex and deadly gas concocted by mad scientists in some weapons research laboratory. As you see, it is far from that.

Farmers have used anhydrous ammonia for many decades now, it being one of the most beneficial and least costly methods to increase the nitrogen in soil. Nitrogen is essential to animal and plant life, and, if present in sufficient quantity, can enhance growing conditions and the production of food crops. It is estimated that, without this critical nutrient added artificially by fertilizers, one-third of the world's food production would disappear.

The use of this fertilizer, however, is now being placed in jeopardy by a proposal advanced by the U.S. Department of Transportation. In May of 1987, DOT issued a notice of proposed rulemaking to change the classification of anhydrous ammonia, which is currently labeled "nonflammable gas," to "poisonous gas." According to the testimony presented by the Office of Transportation in the U.S. Department of Agriculture, this proposal "stems primarily from a desire to adopt the U.N. list of hazardous materials in order to achieve international conformity." Since that time, however, the U.N. Committee of Experts on the Transportation of Dangerous Goods has refused to confirm "poisonous gas" classification for the next 2 years while it considers alternative classifications.

It is generally agreed that "poisonous gas" labeling will add little or no additional safety in the handling of anhydrous ammonia. Handling proce-

dures have been developed by farmers and farm suppliers over the course of the last 30 years. Excellent training programs exist, and the basics of ammonia detection and safety are a party of nearly every farmer's education.

Such reclassification will, however, severely hurt the economy by raising the cost of fertilizer. The "poisonous gas" label may also hamper U.S. efforts to capture and maintain sensitive foreign markets. Many of our foreign customers have prohibitions against importing food treated with poisonous chemicals. The absurdity of such a label is made additionally apparent if you remember that ammonia is commonly produced in nature by decomposing bacteria in the soil. Everything that grows in the soil is, to some extent, treated with ammonia.

That is why we are introducing this legislation today to prohibit the DOT from carrying out its proposed "poisonous gas" labeling for anhydrous ammonia. The original reason for the proposal in the first place, to make the United States uniform with United Nation standards, is no longer valid. The damage such a proposal does to American agriculture is completely unjustified.

I urge those in this body who have not already joined on as cosponsors of this measure to do so. It is imperative that we move this bill swifty toward enactment.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objections, the bill was ordered to be printed in the RECORD, as follows:

S. 357

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Transportation may not issue regulations under the Hazardous Materials Transportation Act that reclassify or relabel anhydrous ammonia as a poisonous gas, for purposes of such Act.

Mr. NICKLES. Mr. President, I rise to voice my support for, and cosponsorship of, a bill introduced today by Senator STEVE SYMMS and Senator ALAN DIXON to provide that the Secretary of Transportation may not issue regulations under the Hazardous Materials Transportation Act which would reclassify anhydrous ammonia as a poisonous gas. I previously cosponsored this bill in the 100th Congress when it was introduced by Senator DAVID KARNES.

This bill, Mr. President, is intended to prevent DOT from making what I see as a terrible mistake. Classifying anhydrous ammonia as a poisonous gas could have very serious adverse effects on farmers and many other segments of the agricultural community. About half of all nitrogen fertilizer used by farmers is applied as anhydrous ammonia. This proposed rule change would drastically increase the cost of nitrogen fertilizer for the American farmer. In addition, insurance costs for transporting the chemical would be prohibitive and it is also conceivable that, in some cases, insurance would become unavailable.

This dispute began in May 1987, when the Department of Transportation proposed regulations which would establish a new classification for some 70 substances. One of the gases proposed to be reclassified as poisonous was anhydrous ammonia, an important agricultural fertilizer which was previously classified as nonflammable.

Understandably, DOT's proposal met with immediate opposition from farm State Congressmen and Senators and most of the agriculture community. DOT received over 1,000 comments on the general proposal, 700 of which were specifically directed to the proposed reclassification of anhydrous ammonia. In addition, the Senate and House committee reports accompanying the transportation appropriations bill for fiscal year 1989 both contained a provision which called on DOT to drop their proposal.

However, instead of heeding Congress' disapproval and dropping the proposal altogether, DOT has instead issued a supplemental notice of rulemaking to obtain additional comments on the proposed reclassification of anhydrous ammonia. DOT will be accepting these additional comments until March 9, 1989, and they have stated that the final rule will not be issued before the end of 1989.

The options which DOT intends to consider for the final rule include: adopt the proposed reclassification, adopt the proposed reclassification with special provisions based on the nature of the operation—such as farming—or adopt a new classification—such as corrosive. I feel it is worth mentioning that our largest trading partner with regard to anhydrous ammonia is Canada, which classifies the substance as a corrosive gas.

We have also seen, in the current dispute between the United States and the European Community, a situation in which hormones which have been proven safe in this country are used as a trade barrier. What will be the reaction of the public and our trading partners when they see American farmers applying what the Federal Government says is a poisonous gas to their wheat crops?

Mr. President, I feel it is vital that this legislation be introduced to show the Department of Transportation that we will not allow the Federal rulemaking process to burden the agriculture sector with unnecessary and costly regulations. I thank Senator SYMMS and Senator DIXON for introducing this legislation, and I urge our colleagues to join us in a show of unified support for American agriculture, and unified opposition to "big brother" regulation.

Mr. DIXON. Mr. President, as many of us are keenly aware, the Department of Transportation [DOT] has proposed the reclassification of anhydrous ammonia from a nonflammable gas to a poisonous gas. Such a reclassification poses many serious problems for American agriculture. Unfortunately, DOT seems to be pushing ahead with its proposal, totally disregarding the disastrous ramifications of such an action.

Anhydrous ammonia is an essential chemical for agriculture. Approximately 45 percent of all nitrogen fertilizer used by American farmers is applied as anhydrous ammonia. It is used widely because it is inexpensive. Spreading nitrogen with anhydrous ammonia is 50 percent cheaper than performing the same activity with other compounds.

Mr. President, many of us in Congress believe that DOT's reclassification proposal is unfounded and reckless—and it seriously misrepresents legitimate concerns for health and safety.

Reclassifying anhydrous ammonia as a poisonous gas provides little in the way of added safety. What does result from such a reclassification, however, are serious unintended consequences. Reclassifying anhydrous ammonia as a poison will dramatically increase the cost of nitrogen fertilizer. Insurance costs for transporting the chemical would be prohibitive, and it is also conceivable that, in some cases, insurance would become unavailable. Furthermore, there is some question as to how anhydrous ammonia, if classified as a poison, could be transported to American farms. Even more alarming, as a result of DOT action, many foreign markets, which our farmers are struggling to recapture, would be closed because of legal restrictions on foods treated with poisonous chemicals.

The underlying reason for the Department of Transportation's proposal to reclassify anhydrous ammonia as a poisonous gas was to achieve some degree of international uniformity. During its December 1988 meeting in Geneva, however, the U.N. Committee of Experts on the Transportation of Dangerous Goods decided to postpone an international classification decision. The postponement decision was based on the fact that the international experts wanted to consider the corrosive properties of the material. In light of the United Nation's decision, the Department of Transportation's push to reclassify, in the face of the severe domestic consequences that it would inflict on American agriculture, is outlandish.

If the true purpose of reclassification is to alert its users of the possible dangers inherent in the use of this

product, a more appropriate reclassification would be that of a corrosive product, rather than a poison.

Mr. President, our largest trading partner in anhydrous ammonia—Canada—identifies it in this manner. This type of classification serves to alert users of potential dangers while avoiding the negative economic impact that would result on our American farmers.

Since the Department of Transportation has been unable to resolve this serious problem in a responsible fashion, we in Congress must provide the solution. This legislation provides such a solution. I urge my colleagues to support this important bill.

By Mr. KENNEDY (for himself and Mr. SIMPSON):

S. 358. A bill to amend the Immigration and Nationality Act to change the level and preference system for admission of immigrants to the United States, and to provide for administrative naturalization, and for other purposes; to the Committee on the Judiciary.

IMMIGRATION REFORM LEGISLATION

Mr. KENNEDY. Mr. President, I am pleased to join my colleague from Wyoming, Senator AL SIMPSON, in reintroducing the major immigration reform bill we drafted in the last Congress, "The Immigration Act of 1989."

The bill we are introducing today is, without change, the bill the Senate adopted on March 15, 1988, by a vote of 88 to 4. We believe the goals of this bill deserve the same strong support this year—not only because the issues haven't changed—but because the need for genuine immigration reform remains as urgent today as it was last year, and the years before that.

By building upon the Senate's action last year, we hope our colleagues in the House of Representatives will have ample opportunity to review and act upon these longstanding reforms.

Mr. President, Senator SIMPSON and I have worked closely for many months to fashion this legislation. Our bill builds upon the proposals contained in the 1981 report of the Select Commission on Immigration and Refugee Policy—a Commission upon which both of us served.

Under Senator SIMPSON's leadership, the 1986 Immigration Reform and Control Act—which was also based on the Select Commission's recommendations—was debated for several years and finally adopted, but it dealt only with the complex issue of illegal immigration. Left for the future was the other half of the Commission's recommendations, the proposals for legal immigration reform. This is the issue before the Congress today, and the proposals have been extensively debated and reviewed. The essential provisions of our bill have been adopted three times by the U.S. Senate—in 1982, 1983, and 1988. As the committee report on the bill noted last year:

> Few legislative proposals have had greater scrutiny or consideration than the immigration reforms contained in the pending bill. For more than a decade, reforming the system by which we select and admit immigrants has been the subject of interagency task forces, special commissions, and lengthy debate in Congress.

This bill reflects these years of study and deliberation, and it represents a consensus on what needs to be done.

Both Senator SIMPSON and I made it clear during last year's debate that our goal is to make our immigration system more accurately reflect the national interest, more flexible, and also more open to immigrants from nations which are short-changed by current law. Our bill accomplishes these objectives while fully maintaining the traditional priority we have given to those in other lands with family ties to the United States, and while preserving the fundamental principles of equity and fairness established in the 1965 reforms.

The bill creates two separate immigrant-visa preference systems: one for family members, and another for independent immigrants. 55,000 visas will be added to the new independent category; these visas will be available to most users of the present immigration system as well as to earlier sources of immigration to the United States. Because the largest share of all visas will still be reserved for family members of recent immigrants, the intent of the 1965 reforms is maintained.

By redressing the imbalances in immigration which have inadvertently developed in recent years, America will open its doors again to those who no longer have immediate family ties in the United States.

By placing more emphasis on the skills and qualities that independent immigrants possess, immigration policy will be more closely coordinated with the national interest. Under this bill, many countries which currently send only a few hundred immigrants per year to the United States may eventually receive a fairer share of our available immigrant visas. The overall benefit to this country will also increase, because a larger proportion of immigrants will have labor market skills.

In short, the bill we are proposing sustains the current emphasis on family reunification, while at the same time opening opportunities for new seed immigrants without family ties. And we do this not by restricting family visas but by providing additional visas for an independent category of immigrants. We have maintained our traditional priority for family reunification, while alleviating the unfair discrimination that current law imposes on other immigrants.

This bill also sets a national ceiling on immigration, within which all immigrants will be counted, except refugees and asylees, whose admission will still be controlled by the refugee Act of 1980. The level is set at 590,000 for the first 3 years—100,000 higher than the current level.

Within the overall level, we adjust the family preference system to give greater priority to the closest of family members. An additional 30,000 visas are provided to reduce the existing backlog in the current preference category for brothers and sisters of U.S. citizens.

The new category for indpendent immigrants is created for those with skills in short supply in the United States, and those in nations who have been unable to obtain visas under the current system because they have no family connections in this country.

We also assure a regular review of the immigration laws by requiring the administration to report every year on the effects of immigration, by requiring the administration to recommend changes in the level of immigration every 3 years, and by adoption of expedited parliamentary procedures to force Congress to implement these recommendations.

In conclusion, Mr. President, let me restate our objective in reintroducing this legislation just as it passed the Senate last year. We simply want to begin the dialog again, and to renew the effort to achieve needed immigration reform.

Neither Senator SIMPSON nor I are frozen in our views on this bill, and there is clearly room for further debate and compromise. But I hope we will debate the issue on the merits, and not on the distortions and misperceptions that characterized much of the discussion last year.

For example, there is nothing in this bill that says English language is a requirement for immigration to the United States. It is simply one of the points that can be achieved in the new point system and for only one small part of the new independent preference system—not for all immigrants. But if this small requirement so distorts debate over the legislation, I, for one, am prepared to drop it.

Similarly, I am prepared to review the concerns that were expressed over the modifications in the sixth preference, to reopen it in some way for unskilled workers, but not at the exclusion of a stronger preference for skilled workers. Some compromise language is clearly possible in this and other areas—all of which we are prepared to review during the hearing we have scheduled on this bill on March 3d.

Mr. President, these reforms are long overdue, and I am grateful to Senator SIMPSON for his bipartisan cooperation and support in developing this legislation. From the earliest days

of our history, America has been a beacon of hope and opportunity to peoples in other lands. We are proud of our immigrant heritage, and we must do all we can to preserve that heritage, to build upon it, and to strengthen it for the future.

Mr. SIMPSON. Mr. President, I am most pleased to join with my friend Senator KENNEDY, the chairman of the Immigration Subcommittee, in introducing legislation to reform our system for admitting permanent legal immigrants.

This legislation was passed last year by the Senate by a vote of 88 to 4. Unfortunately, action on the legislation was not completed by the House of Representatives in the 100th Congress, so we are reintroducing the bill. No substantial changes have been made from the bill that left the Senate last year: In essence, we have only changed the effective dates and corrected some inadvertent drafting errors. However, we will be holding hearings in early March should any Member or interested organization wish to propose changes to the legislation. We will also receive a report from the GAO at that hearing on the likely effect of this legislation on U.S. immigration patterns for the next decade. I am confident that this will provide us with the full hearing record that has become the hallmark of Senate consideration of vital immigration legislation.

I strongly believe that current immigration law does not serve the national interest as well as it should, and that we must revise it.

First, our Government cannot even inform us today as to how many people will enter the country through regular permanent immigrant channels during this year. When we need to analyze our labor market conditions, the demand on our social services, the effect of new residents on the environment, or the rate of our population growth, the current level of immigration is always a big question mark. I believe it is simply common sense to know in advance how many immigrants will be entering in a particular year.

I do not believe this number should be rigid. Immigration has been neglected by Congress for decades, but this neglect must change. Therefore, the legislation would set a national level of immigration at 590,000 immigrants per year—this is 80,000 to 100,000 persons per year higher than the current flow—and it would require the President to review annually the effect of immigration on the country, and to propose changes in the level every 3 years. Congress would be an active participant in any proposed revision of the national level of immigration.

Second, 95 percent of all legal immigrants are selected merely because they have a family connection in the United States. While I believe we should always preserve immigration rights for the spouses, parents, and children of citizens, and the spouses and children of permanent residents—as under current law—I do not believe that our system should automatically grant preferential status to aliens whose relationships are as distant as brother-in-law, sister-in-law, niece, and nephew. There is a growing demand for immigrants who possess certain skills and qualities that would serve the national interest. We should increase the proportion of such immigrants.

The bill, while retaining over 75 percent of the visas for family members, would increase the number and proportion of immigrants admitted who have offers of employment in the United States or who have certain characteristics—such as age, education, language skills, and occupational skills—which experts have determined will lead to successful economic integration. These immigrants would enter under a new category of independent immigration.

Third, 85 percent of all immigrants today come from two major areas of the world. Many of the older source countries of immigration—that is, Europe and Canada—no longer are able to qualify under today's family-dominated system, and some areas of the world have not in the past and do not now have the family ties necessary to send large numbers of immigrants to the United States—such as Africa. By increasing the number of visas allotted to independent immigrants, persons from a much larger number of countries will be able to apply for immigration, and our immigrant flow should become more diverse. While I believe that no potential immigrant should ever be discriminated against because of nationality or country of origin, I also feel that no country or region of the world should have a lock on our immigration system.

Mr. President, the time is very right for a revision of our legal immigration system. The bill contains flexibility both in the number of immigrants to be admitted and the types of independent immigrants that would qualify for admission. As we look toward a future where the only guarantee is rapid change, I believe we need an immigration law that is crafted to respond to these changes.

I look forward to working with my friend Senator TED KENNEDY on this ever present issue, and I commend this bill to my colleagues.

By Mr. NICKLES:

S. 359. A bill to prohibit the use of excess campaign funds for personal use; to the Committee on Rules and Administration.

CAMPAIGN FINANCE ACCOUNTABILITY ACT

Mr. NICKLES. Mr. President, today I am introducing two pieces of legislation both of which I hope we will be successful in passing this session of Congress. The first is legislation that would close the loophole that allows Members of Congress elected before 1980 to convert campaign funds, excess campaign funds, to personal use.

I introduce this bill in the context of campaign reform which has been debated at length before in the Senate. My legislation was filed as an amendment in 1987 to the campaign reform bill but unfortunately was not debated since no amendments were actually debated on the floor of the Senate.

Under current law, campaign funds which are left over from an election can be used for future elections, defrayal of Federal office holder expenses, donating to charity, contributions to national, State, or local party political committees, or repayment of loans made by the candidate to his campaign. It also allows the funds to be used for any lawful purpose, except for personal use. However, the personal use prohibition does not apply to candidates who were Members of Congress on January 8, 1980. Therefore, if you were elected before 1980 you may still use these funds for personal purposes.

Mr. President, that is wrong. We need to correct it. A lot of people talked about campaign reform. This is one area of campaign reform I think that every Member of Congress can agree upon. When we see a list of Members of Congress, whether it be in the House or Senate, and they accumulate hundreds of thousands of dollars, and then they retire, then later on we read where they have used those hundreds of thousands of dollars or converted them to personal use. Certainly that is a violation ethically in my opinion—it may not be a legal violation. We need to change it. We need to make it unlawful. That is exactly what my legislation would do.

My legislation would repeal this exception and prohibit all Members from converting these funds to personal use. Even though the Senate rules prohibit the conversion of campaign funds to the personal use of a Senator, the United States Code allows a special exception for Members in office as of January 8, 1980. My legislation seeks to repeal this exception in the Code and bring it into conformity with the Senate rules.

This is a matter of equity. In a review of the 1986 elections, House Members had nearly $50 million in surplus campaign funds. Most of those Members were covered by this grandfather clause. This is not appropriate public policy and should be changed. I

urge my fellow Senators to support this legislation.

I ask unanimous consent that a Washington Post article appear in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BENEFITS EASE PATH OF CONGRESSIONAL RETIREES—GENEROSITY FOR DEPARTING LAWMAKERS BASED ON SPECIAL RULES

(By Charles R. Babcock)

As Fernand J. St Germain and Gene Taylor and many of their former House colleagues know, you can take it with you.

While they won't reap the benefits of the 51 percent pay raise scheduled to take effect Wednesday, retiring House members are able to take advantage of special rules written for and by themselves and entitling them to leftover campaign funds, office furniture and a pension sweeter than most others in the federal government.

Then they, like retiring senators, are free to stay in Washington as lawyers or consultants and go to work immediately lobbying their former colleagues. This is because they are not covered by the "revolving door" prohibitions on executive branch employees.

Congress' generosity with itself extends beyond prison walls and even the grave. In a little-known practice dating from the turn of the century, survivors of House members who die in office are given a year's pay. And House and Senate members convicted of a crime and expelled may still keep their taxpayer-subsidized pensions.

The perquisites of Congress periodically have been the subject of criticism, especially because of rules under which lawmakers and their staffs have to meet less stringent ethical and post-employment standards than executive branch employees. But seldom has as much attention been focused on the life style of members as during the public debate over the impending raise.

The Senate has tougher standards on several of these issues; House Speaker Jim Wright (D-Tex.) and Minority Leader Robert H. Michel (R-Ill.) have promised a bipartisan review of House ethics rules this year.

Among the special considerations available to retiring House members:

Converting campaign funds to personal use. The Senate prohibits this practice, but under a "grandfather" clause, House members who were in office before 1980 are permitted to take leftover campaign funds, declare them personal income, pay taxes on the amount and use the cash as they wish after they leave office. Members who have died have been able to pass the funds, sometimes several hundred thousand dollars, to heirs.

Former representative Taylor (R-Mo.), who retired after eight terms, led several more well-known retirees in the amount of leftover campaign funds he could convert to personal use. Federal Election Commission reports show he has nearly $458,000 available. The former auto dealer said in an interview in December that he had not decided what to do with this windfall.

"I will remain politically active, so I will use some that way," he said. Asked whether he intended to take some of the money for his personal use, Taylor said, "It costs a lot of money to serve" in the House and noted that he had traveled home almost every weekend. "I might convert some of it back to pay for expenses." Members are entitled to 32 paid round trips to their home districts a year.

The year-end report that Taylor's campaign committee filed with the FEC last week shows that he spent $7,000 in the last six months, including $3,189 in campaign contributions to other candidates and $500 to himself, labeled "petty cash." He still had $457,938.53 available for his personal use, earning interest in several bank accounts.

Former representative Bill Chappell (D-Fla.), who was defeated after his name was raised in connection with the Pentagon procurement scandal, reported "personal disbursements" to himself in December of $7,995.60. He has nearly $43,000 in campaign funds left.

Retired representative Sam Stratton (D-N.Y.), who has $180,000 in campaign funds available, was more direct in discussing his plans. "When you walk away from a job that pays $89,500, you have to feed your family," he said. "I have no financial holdings. I've got zilch, except in a couple of banks. So we're going to have to live on something. Fortunately, that provides a little pad."

Although he did not mention it, Stratton also has his congressional pension. According to an estimate by David Keating of the National Taxpayers' Union, Stratton's 30 years in the House, plus several more years in the military and other government service, should earn him a starting annual pension of around $64,000.

A provision to repeal the grandfather clause permitting personal use of campaign funds after leaving office is expected to be considered in a legislative package to be brought up after the pay raise takes effect Wednesday. But the proposal to repeal this loophole would not go into effect until after the current 101st Congress, allowing members who want to keep their money to retire and collect it. Two House members, Dan Rostenkowski (D-Ill.) and Stephen J. Solarz (D-N.Y.), each have more than $1 million in campaign funds they could convert to their own use under the rule.

A federal pension plan that puts members of Congress and their staffs in the same "high-risk" category as federal firefighters, air traffic controllers and FBI and CIA agents. The rationale was that members and their staffs, who write the pension law, should get a sweeter pension because they face job insecurities every election cycle. However, in the House at least, a member running for reelection during the 1988 cycle had about as slight a chance of dying in office as being defeated.

According to the old system, under which most of those retiring this cycle earned benefits, the formula let lawmakers and their staff members accrue pension benefits at 2.5 percent times their highest pay times the number of years served. The highest rate for the rest of the civil service is 2 percent. Members and their staffs contribute 8 percent of their pay to the retirment plan, compared to 7 percent for executive branch workers.

The maximum congressional annual pension for those who retired this year is $71,600. If the proposed pay raise goes into effect, the most senior members serving two more terms will see their annual pensions jump to at least $108,000, and future cost-of-living increases will push that number higher.

The only way a member of Congress can lose his or her pension is to be convicted of treason. Felony convictions can cause a member to be expelled but not to lose the pension. Senior members convicted in the "Abscam" bribery scandal in 1980—such as former senator Harrison J. Williams (D-N.J.) and former representative Frank Thompson (D-N.J.)—now are receiving pensions. Keating estimated Thompson's pension at $60,413 a year and Williams' at $48,729.

Defenders of the system point out that the generous congressional pension still pales in comparison to the benefits under the military pension system.

Buying furniture from a congressional district office at fire-sale prices. This little-noticed House practice allows members to buy furniture at 10 percent to 50 percent of its cost, depending on the furniture's age. One member was set to buy leather chairs for $4.80 each, couches for $23 and mahogany desks for $60. The House clerk's office said the low prices were based on a General Services Administration schedule of depreciated furniture. Twenty of 27 members retiring from the 100th Congress took advantage of this.

St Germain's purchases from his Rhode Island office left his successor, Rep. Ron Machtley (R-R.I.), holding the first meeting in his district office standing up with seven visitors because all the chairs had been removed.

In the Senate, however, the practice is different. Senators who leave must pay "replacement cost" for furniture, according to Elliott Carroll, executive assistant to the architect of the Capitol. For example, the price for a senator's chair was $325 and his desk $800. Carroll said one senator, whom he declined to name, purchased his chair.

Lobbying. In another area where Congress treats itself differently from the rest of the government, there are no prohibitions against retired or defeated lawmakers lobbying their former colleagues. President Ronald Reagan vetoed a bill that would have extended the ban to the Congress for the first time, but this year's crop of retirees would not have been covered by the measure had it become law.

Thus, St Germain will be returning to Washington as a lawyer for a Rhode Island firm. He could not be reached for comment on whether his new duties will include lobbying former colleagues. Taylor, Stratton and retired representative Robert E. Badham (R-Calif.) said in interviews that they plan to do some Washington consulting.

Mr. President, I ask unanimous consent that a copy of the bill be inserted in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.—This Act may be cited as the "Campaign Finance Accountability Act of 1989".

SEC. 2. Section 313 of the Federal Election Campaign Act of 1971 is amended by striking out all beginning with "except that," through the end of the sentence and insert in lieu thereof the following: *"Provided,* That no such amounts may be converted by any person to any personal use, other than to defray any ordinary and necessary expenses incurred in connection with his or her duties as a holder of Federal office."

By Mr. NICKLES:

S. 360. A bill to amend the Federal Deposit Insurance Act to provide de-

posit insurance in a manner which does not discriminate against small- and medium-sized banks by expanding the assessment base and reducing the assessment rate for deposit insurance; to the Committee on Banking, Housing, and Urban Affairs.

FAIR DEPOSIT INSURANCE ASSESSMENT ACT

Mr. NICKLES. Mr. President, I also have legislation that I am introducing today that I call the Fair Deposit Insurance Assessment Act. Certainly, it is appropriate today at a time when we are talking about the problems of the S&L industry, and possibly the banking industry, to consider this as one small piece of the puzzle toward the solution of the problem.

This act, if enacted, would assess foreign deposit insurance premiums, comparable to FDIC. They would have to pay FDIC premiums. Right now they do not. So we have very large banks, the largest in the country, which has significant amount of foreign deposits who do not pay insurance premiums on those foreign deposits. I find that to be inequitable because actually we have had the FDIC which has made sure that the big banks do not fail and that all the depositors are made whole. In other words, they receive the insurance benefits, and the Federal Government stands behind the large banks, but foreign deposits do not pay the insurance. Domestic deposits pay the insurance.

The purpose of this bill would be to require that foreign deposits pay the insurance assessment just like domestic deposits do as well.

I think it is only fair. I think it is only equitable. The way we would do this is it could be done in a couple of ways. It was estimated that it would raise something like $405 million in 1991. The way I have crafted this bill is we would take the assessments on foreign deposits and use that to reduce the assessment or the insurance amount on domestic deposits. This would actually reduce the insurance fee which right now is being debated to be increased. But it actually reduces that on domestic deposits by about 1.2 basis points.

Mr. President, I hope we will be successful in passing this. We did pass it in 1987 when we were considering other legislation. Now that we are on legislation dealing strictly with FDIC, I am hopeful we will be able to pass this. We passed it by almost a 2-to-1 vote in the Senate then. I am hopeful and optimistic that we will this year as well.

To reiterate, I am introducing the Fair Deposit Insurance Assessment Act to correct an inequity in the method employed by FDIC to assess insurance premiums on deposits in U.S. banks. This is identical to legislation I introduced last session. Essentially, my bill requires the FDIC to begin assessing premiums on foreign deposits held by U.S. banks.

Currently, U.S. commercial banks pay one-half of 1 percent, or 8.3 basis points, for deposits insured by the Federal Deposit Insurance Corporation [FDIC]. As my colleagues and a growing number of Americans are aware. President Bush recently proposed increasing commercial banks' deposit insurance assessment to approximately 15 basis points in a move to bolster the FDIC insurance fund to 125 percent of insured deposits.

With my legislation, by equitably requiring insurance assessments of foreign deposits in U.S. commercial banks, we can reduce the deposits insurance assessment on commercial banks throughout the country by more than 1 basis point. Although this should never be painted as economic salvation for an industry, this measure certainly represents potential good news for bankers faced with possible increased assessments.

The Senate acted upon this idea in 1986 during consideration of the fiscal year 1987 budget reconciliation. We voted 63 to 32 to assess all deposits of U.S. banks, domestic and foreign. At that time CBO estimated assessing foreign deposits would result in revenues of $350 million in fiscal year 1989, $375 million in fiscal year 1990, and $405 million fiscal year 1991, and so on.

It seems the distinction between domestic and foreign deposits goes back to 1933 when the FDIC was created. Certainly, the amount of foreign deposits within the United States in 1933 pales in comparison to foreign deposits in the United States today.

Yet, FDIC insurance supports these deposits even though they are not sharing in the cost. They are getting a free ride. And the rest of the banking industry is doing the carrying. Smaller and medium-sized banks across the country are paying the cost of FDIC insurance for big banks with large foreign deposits. This is not equitable.

Unfortunately, the Senate's 1986 action did not clear the conference committee. However, it demonstrates the will of this body to correct a glaring loophole that is requiring smaller, ailing banks to prop up the foreign assets of money center lenders. Given the increased focus on deposit insurance assessments, I think this effort can and will be successful. It is my intention to pursue this measure as legislation dealing with the savings and loan industry progresses.

Quite frankly, the largest banks in the United States are not paying their fair share of the premiums into the insurance fund of the FDIC. These larger banks have been shown to benefit the most from FDIC insurance.

Community bankers in my State have argued for this change for years and it is about time we do something about it. My legislation offsets the added revenue from the assessment of the foreign deposits with a reduction of the deposit insurance rate from one-twelfth of 1 percent to one-fourteenth of 1 percent or, from approximately 8.3 basis points to 7.1 basis points, a reduction of nearly 1.2 basis points. Should the annual assessment rate increase as has been proposed, it is my intention to afford an equal reduction from the new assessment rate by applying increased revenues from the foreign deposit assessments.

I am sure my colleagues will agree that this change is needed to promote equity within our banking insurance system; their cosponsorship is welcomed.

Mr. President, I ask unanimous consent that a copy of the bill be inserted in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 360

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Fair Deposit Insurance Assessment Act".

SEC. 2. EXPANSION OF FDIC ASSESSMENT BASE.

Section 7(b)(5)(B) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(5)(B)) is amended by striking "any deposits received in any office of the bank for deposit in any other office of the bank located in the United States, the District of Columbia, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, or the Virgin Islands, except" and inserting "any deposits, and any obligations which would constitute deposits as defined in section 3(1) but for subparagraphs (A) and (B) of section 3(1)(5), received in any office of the bank (other than a foreign branch of a foreign bank (as such term is defined in section 1(b)(7) of the International Banking Act)), except".

SEC. 3. DECREASE IN FDIC ASSESSMENT RATE.

Section 7(b)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(1)) is amended by striking out "one-twelfth" and inserting in lieu thereof "1/14".

By Mr. HEINZ (for himself, Mr. GORE, and Mr. WIRTH):

S. 361. A bill to provide the additional support necessary to maintain an adequately funded and fully participatory U.S. role in the International Tropical Timber Organization; to the Commmittee on Foreign Relations.

U.S. PARTICIPATION IN THE INTERNATIONAL TROPICAL TIMBER ORGANIZATION

Mr. HEINZ. Mr. President, I rise today to introduce legislation to keep America's commitment as an active player in the International Tropical Timber Organization.

Everyday, thousands of acres of tropical forest are destroyed. And as the forest disappears, we lose our main environmental ally and manager. The Earth's tropical forests are parents to

our present and forebearers of our future. They sustain our biological diversity and protect our global climate. Without their continued presence, life as we know it would cease. Simply put, our future must be a forested one. In order to assure this future the United States must be an active player. And in order to be a player we must pay our dues. Currently we are not. We have consistently underfunded our international role in the Tropical Timber Organization and we are in danger of having decisions that affect our future made for use.

Tropical forest destruction takes place for a myriad of reasons—and clearing for new cattle ranches, road building for territorial expansion, and for the actual harvesting of the timber itself. Virtually every country produces or uses timber from the tropical regions of the Earth. Unfortunately, timber harvesting and marketing are progressing in a wholly unsustainable manner. Of the 828 million hectares of productive tropical forest, less than 1 million hectares are being managed in a sustainable fashion.

Mr. President, the unsustainable destruction and use of tropical forests is a fact—a well-known fact that has received attention and money. And the United States has been a world leader in pushing for proper forest management. Today our influence and efforts are in danger of being eliminated due to continued fiscal shortsightedness. In 1983 we drafted, sponsored and signed the International Tropical Timber Agreement of 1983. This agreement established the International Tropical Timber Organization to help promote cooperation between producers and consumers of tropical timber. We were a charter member of this organization that gained support from nations worldwide. The continued existence of a U.S. role in this organization is vital. Unfortunately the United States has not come up with its dues and now risks losing a voice in shaping international forest policy.

U.S. dues are currently paid from a contingencies account—a vastly oversubscribed fund which supports United States participation in a number of international organizations. Approval of this legislation would permit funding from the conventions and international organizations account, where adequate funding is more likely to be available.

At a time when we are pondering the valuable investment of large sums of money for the prevention of global warming, it is inconceivable to not support one of the very organizations that has a chance to implement sustainable resource use.

Mr. GORE. Mr. President, I rise to join the Senator from Pennsylvania in supporting legislation urging the President to maintain U.S. membership in the International Tropical Timber Organization.

We are in the midst of a world environmental crisis, Mr. President. One of the most important challenges in addressing that crisis is the preservation of tropical forests.

As a major importer of tropical timber products, the United States has an obligation to support the efforts of the International Tropical Timber Organization to encourage sound forest management, conservation, and reforestation. If we are going to be an active member of ITTO, the United States needs to find a way to pay its dues. This bill does just that.

The survival of the rain forests depends in part on the economic vitality of developing countries. The ITTO is important for timber producing and consuming nations alike. I congratulate the Senator from Pennsylvania on this initiative.

By Mr. HEINZ (for himself, Mr. SASSER, Mr. ROTH, and Mr. RIEGLE):

S. 362. A bill to promote intergovernmental and interagency cooperation in the development of ground water policy; to the Committee on Governmental Affairs.

GROUND WATER POLICY

Mr. HEINZ. Mr. President, today I am introducing legislation to manage and protect our Nation's ground water. In 1988, the Senate considered and passed a similar bill, S. 1992. This measure is almost identical to the previous bill, but with important technical amendments.

One thing that has not changed in the past year is the urgency of the legislation. Ground water is our life blood. It affects all our lives, and once contaminated, is difficult, often impossible, to clean. Today, the Senate again has an opportunity to enact legislation that will ensure proper management and protection of this invaluable resource.

Critically important, ground water provides drinking water for more than 50 percent of all Americans and nearly all for rural residents. It meets 40 percent of our irrigation needs. It maintains stream flows in dry weather and nourishes countless ecosystems.

Fortunately, ground water is in abundant supply, constituting 96 percent of the world's total water resources, Our Nation alone has 15 quadrillion gallons, stored a half-mile under the surface, equal to 35 years' worth of all surface water runoff, or 400 times our annual use. And the amount we use daily, 95 billion gallons, is largely replaced through precipitation.

But while we need not worry about the quantity of our ground water, we do need to be concerned about its quality. And there are serious problems in ground water management. We in the Governmental Affairs Committee have learned that intergovernmental and interagency cooperation is essential. States have primary responsibility for ground water management and protection, and yet must deal with a dozen competing Federal agencies and over a dozen Federal statutes to carry out their programs.

One witness, testifying before Senator SASSER'S subcommittee last session, told us that accessing Federal assistance is a hit or miss proposition. Another witness stated that when asked how well the existing ground water system works, he must reply "what system?"

While different layers of management try to sort themselves out, Mr. President, our constituents suffer. Across the country, virtually every aspect of modern life threatens ground water purity. Prevention, now, is far preferable to managing the damage later.

Mr. President, no one will dispute the urgent need for a comprehensive, national ground water policy. A large part of the problem entails communications, both among the involved Federal agencies, and between these agencies and those who have hands-on involvement with the resource—the State and local program operators.

The intergovernmental and interagency coordination provisions in this measure will reverse the miscommunication, policy and program overlaps, and general duplication of efforts that have characterized the management and protection of the Nation's ground water resource.

The legislation I am introducing today provides for the establishment of both an interagency committee on ground water management and protection and an advisory committee. These coordinative bodies will ensure that the Federal agencies with ground water concerns will both communicate among themselves about ground water policies and programs, and with the States and other interested parties. This avenue for State and local input is essential to the process, Mr. President, since only then can we be sure that Federal policies and regulations are best serving the public.

I urge my colleagues to enact this worthy legislation into statute in the near future. We cannot delay further.

By Mr. BOND:

S. 363. A bill to amend title 18 of the United States Code to stiffen the penalties for bank fraud; to the Committee on Banking, Housing, and Urban Affairs.

STIFFER PENALTIES FOR BANK FRAUD

Mr. BOND. Madam President, today I am reintroducing legislation which stiffens the penalties for defrauding a financial institution. I introduced this legislation in the 100th Congress and

everything I have read since adjournment has convinced me that this legislation should be a priority in the 101st Congress. I am pleased to be joined by my colleagues, Senators DIXON, DANFORTH, DURENBERGER, GRAMM, MACK, KASSEBAUM, and SHELBY. The inflammatory headlines about the extent of the losses at the Federal Savings and Loan Insurance Corporation have focused Congress' attention on how to fix this problem to ensure that it never happens again. I am very disturbed about that percentage of the FSLIC's losses that are caused by out-and-out fraud. Certainly, many of the problems have been caused by economic decline in the Southwest, but there have been some flamboyant and outrageous cases of fraud. I am delighted that the administration shares this point of view and has included tough fraud and enforcement provisions in its proposed thrift plan.

It reflects badly on our entire financial system when a few unscrupulous individuals are able to use federally insured deposits as private slush funds. A recent report by the Office of the Comptroller of the Currency on the reasons for bank failures states that "insider abuse and fraud were significant factors in the decline of more than one-third of the failed and problem banks the OCC evaluated." A preliminary draft of a General Accounting Office study of the reasons for bank and thrift failures reports that criminal misconduct was present in 19 of the 26 thrift failures studied and that repeated and extensive violations of Bank Board regulations and statutes occurred at all 26 institutions.

A House Government Operations Committee report said: "Serious misconduct by senior insiders or outsiders has caused, has contributed to, or was present in the insolvencies of most banks, savings and loans and credit unions * * * at least one-third—and probably more—of commercial bank failures and over three quarters of all S&L insolvencies appear to be linked in varying degrees to such misconduct." There has been some dispute about these figures, but it is certain that fraud has played a significant role in increasing the losses to the deposit insurance funds. In 1987, the FBI conducted nearly 12,000 investigations of fraud and embezzlement at financial institutions.

After a financial institution fails, the FDIC or the FSLIC conducts an investigation of the causes of the failure. If there is reason to suspect criminal violations, the case is referred to the FBI for investigation and then to the Justice Department for prosecution. These cases tend to be very complex and difficult to prove and the investigations are time consuming. In recent years, the Justice Department has moved prosecutions of those involved with the failure on financial institutions up on its list of priorities. This move is entirely appropriate.

The Bush administration's proposal that $50 million of the money raised to close the insolvent S&L's be used to fund additional Justice Department prosecutions of bank fraud is a very positive step. Attorney General Thornburgh's announcement last week of a special Justice Department task force to combat securities and commodities fraud is also an encouraging signal.

These are positive steps, but I believe that more needs to be done. Congress needs to send a powerful message that white collar criminals who steal from insured financial institutions will face stiff punishment. The legislation I am introducing today increases the maximum penalty for defrauding a financial institution from 5 years and $10,000 to 10 years and $1,000,000. At the end of the last Congress, we approved legislation which increased the maximum penalties for insider trading to these levels, and it seems entirely appropriate to have similar penalties for an equally serious white collar crime. Certainly, these maximum penalties are not appropriate in all cases, but those who have looted banks or savings and loans to fund their lavish lifestyles deserve to be dealt with severely. The taxpayers stand behind the deposit insurance funds, and thus those who steal from financial institutions are ultimately stealing from us all. I have discussed this problem with Secretary Brady and am delighted that the administration also supports stiffer penalties for bank fraud.

In addition to this legislation, there may be other legislative or administrative remedies we should consider. Currently, there is an informal interagency working group on bank fraud comprised of the bank regulators, the FBI, and the Justice Department. It might be helpful to give this group a formal legislative mandate to emphasize the importance that Congress places on interagency cooperation in the prosecution of bank fraud. In addition, prosecutors should be encouraged to ask for prison sentences in bank fraud cases as well as fines and restitution.

Congress should not recapitalize the FSLIC without taking steps to ensure that it will never be necessary again. There are many structural reforms of the deposit insurance system that the Banking Committee should consider, but it is also important to send the message that we will not condone those losses to the insurance fund that are caused by fraud. A slap on the wrist and a short jail term are not enough punishment for those whose illegal wheeling and dealing are going to cost the taxpayers billions.

Madam President, I ask unanimous consent to print in the RECORD a copy of the legislation and a series of articles outlining the dimensions of this problem.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 363

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1344(a) of title 18, United States Code, is amended by striking "shall be fined not more than $10,000, or imprisoned not more than five years, or both" and inserting "shall be fined not more than $1,000,000 or imprisoned not more than 10 years, or both".

[From American Banker, Aug. 12, 1988]

CRIME DOESN'T PAY—EXCEPT WHERE CERTAIN BANKERS ARE CONCERNED

(By Irvine Sprague)

WASHINGTON.—Quick now. Name 20 bank chairmen or presidents who went to jail in the past 20 years. I'm talking about top managers who defrauded the stockholders and customers who had trusted them with their money—not tellers or bookkeepers or bank robbers.

The question is unfair. There aren't 20. At least I could not come up with that many after consulting my memories, augmented with library file searches by Len Samowitz of the Federal Deposit Insurance Corp. and Lou Leventhal of the American Banker.

Another question: How many convicted bankers served their full sentence? The answer, of course, is none. We all know that. Time off for good behavior and a change of heart by the sentencing judge almost always reduce the sentence.

Two flagrant examples. A prominent banker who stole millions was sentenced to five years in prison but stayed out on appeal for more than 10 years and finally served only eight months in a cushy outdoor job at a country club prison. A banker's son, given a 20-year sentence for securities fraud in 1982, already is out on the street.

The odds are that if you mismanage a megabank into the ground you won't go to jail and you won't pay for restitution. The stockholders take care of that for you. For it is the stockholders who pay for the directors' and officers' liability policies, which in turn pay for the mismanagement liabilities that often run into millions of dollars.

(Space is much too limited to go into the proliferation of savings and loan crooks who have had a wonderful time during these carefree deregulation years.)

BAD MANAGEMENT AND FRAUD

Comptroller Robert L. Clarke recently released a study showing that inept management has been the primary cause of bank failures, and that fraud often was a tool used by bad managers. FDIC Chairman L. William Seidman has testified that fraud was involved in at least one-third of all bank failures in 1986, 1987 and 1988.

With hundreds of bank failures in the past two decades and fraud a major cause, why the shortage of jail sentences? I guess the answer is threefold:

1. The Justice Department is asleep, or inept, or underfinanced. (The *American Banker* on July 28 reported an epidemic of bank fraud in the central district of California at the same time the major fraud division staffing there was cut more than 30%. Blame Ronald Regan, Edwin Meese, James C. Miller.)

2. Bank fraud is one of the most difficult crimes to prove to the satisfaction of a jury.

3. White collar crime pays.

This treatise was prompted by the guilty pleas of William Patterson of Penn Square Bank and John Lytle of Continental Illinois National Bank and Trust Company of Chicago, representatives of the two most flamboyant bank failures in history. Mr. Patterson and Mr. Lytle are to be sentenced Aug. 30. (I count Continental Illinois as a bank failure because it was. The FDIC annual report for 1987 continues the myth that it was not a failure by omitting it from the list of the 10 largest failures in history.)

The Patterson and Lytle cases are classic examples of how not to provide quick retribution and prompt justice. The guilty pleas came six years to the day after Penn Square failed.

The surfacing Square failed.

The surfacing of the story after six years brought back memories of that Fourth of July weekend as we spent three long days in Paul A. Volcker's cramped office deciding what to do about Penn Square.

Recent accounts attempt to rewrite the history of that weekend. I guess I should set the record straight. Comptroller Todd Conover was concerned, correctly, that if he closed Penn Square and we paid it off there would be multiple, unknown fallout, probably including fatal damage to Seattle-First National Bank, Continental Illinois, and other banks. William Isaac, then chairman of the FDIC, was concerned, correctly, that if we saved Penn Square the concept of deposit insurance would become a farce.

REGAN'S RACE ROLE WAS "MUSH"

The role of Mr. Volcker was to advocate doing nothing that would disrupt the system. The role of Treasury Secretary Donald Regan was mush. Mr. Volcker called Mr. Regan to meet with us on July 4. He listened to our problem but clearly did not want to get involved. As he left, he said: "Well, I'm sure you gentlemen will do the right thing."

All five people involved have tremendous egos. I'm sure each, in his own mind, dominated the discussion and made the decision. Mr. Volcker and Mr. Regan could talk. Mr. Conover, Mr. Isaac and I had to vote. With Mr. Isaac and Mr. Conover headed in different directions, I had to decide which way we would go. To me, It was simple: we simply could not bail out Penn Square with its trail of greed and dishonesty. In the end, the vote to let Penn Square take its lumps was 3 to 0.

Enough of that. Back to the jail sentences. Let me refresh your memories. Think of Silverthorne, Sindona, Smith, Butcher, and who else?

Let us call the roll of the pitifully small handful of bankers identified as having served prison sentences:

Michele Sindona tops the list with a 25-year prison sentence in 1980 for fraud and perjury, a sentence that the American Banker then described as the longest ever meted out for white-collar crime.

Mr. Sindona masterminded the Franklin National Bank downfall and his story is fascinating. Before sentencing he disappeared for a time, returning with a tale about being kidnapped. Extradited to Italy, he was given a 15-year prison senence for fraud and then sentenced to life for murder. A week later, in 1986, he died in prison. Some say he was poisoned, others that he committed suicide. A third version is that it was stroke-induced, a natural death.

(A footnote to the Sindona case. Last month the National Archives gave the FDIC permission to destroy the Franklin files: more than 6,000 filing cabinets filled with 700 tons—yes, tons—of paper.)

C. Arnholt Smith is my second favorite bank crook. Mr. Smith, whose domain included U.S. National Bank in San Diego, in 1975 pleaded no contest to charges he defrauded the bank of $170 million. The short, suspended sentence he received in federal court was variously attributed to his age, his illness, or more likely, his powerful political connections.

In a separate tax evasion charge, he received a five-year sentence from a state court for grand theft but he stayed out of the slammer for 10 years with repeated appeals. Finally, he did serve eight months as a gardener is a county work center. (The FDIC is still trying to dispose of some of the garbage loans he bequeathed us.)

Jake Butcher, C.H. Butcher, and Jesse Barr. I must discuss Mr. Barr first. Convicted of defrauding Union Planters Bank of $17 million in 1976, he received a five-year sentence but was released after 11 months. UPI reported at the time that the release came after a letter to the judge in which Mr. Barr said: "I've truly seen that crime does not pay." Later, Mr. Barr was picked up by the Butcher brothers and was an adviser during the looting of United American Bank and other Butcher institutions. Jake and C.H. both received 20-year prison sentences, Mr. Barr 18 years, and C.H.'s wife, Shirley, three years.

Don C. Silverthorne was the first bank crook whose damage I officially encountered. When I joined the FDIC in 1968 we were busily involved in sorting out the junk portfolio he left at San Francisco National Bank. (It took just over 20 years after the failure to finally close the books on San Francisco National.) Mr. Silverthorne took the bank to the cleaners before it failed in 1965. He finally spent some time at the McNeill Island federal prison. My longtime assistant, Alan Miller, recalls that Mr. Silverthorne's first conviction was overturned on the grounds there was so much publicity that a fair trial was impossible. He was convicted in a second trial and sentenced.

Here are some other former bankers whose sentences bolster the point that while crime may pay off, it does have its risks:

Harry D. Vestal, City and County Bank of Campbell County, Jellico, Tenn., four years.

John A. Bodziak, Florida Center Bank, 10 years.

Tommy Ballard, The Bank of Woodson, Tex., three years.

Sam Spikes, Far West Financial Corp., Tex., 10 years.

Henry Earl Fagan, Guaranty State Bank, Redwater, Tex., eight years.

Douglas, Adams, First Security Bank of North Arkansas, Horseshoe Bend, Ark., two years.

Anthony B. Angelos, Des Plaines Bank, Des Plaines, Ill., five years.

Gary Miller, First National Bank of Carrington, N.D., five years.

John Vergo, Midtown National Bank of Pueblo, Colo., two years.

W.R. Smith, Sr., Citizen Bank of Tillar, Ark., three years.

Byron Phillips, Aquia Bank and Trust Co., Stafford, Va., three years.

Richard R. Saccone, Mohawk Bank and Trust Co. of Greenfield, Mass., two years.

While the incidence of jail sentences is low, the volume of civil suits is rising both in number and volume. In 1987 there were 40 judgments that returned $59 million to the FDIC. The civil suits expose and disgrace those caught up in them, but often times they do not touch their pocketbooks. Two examples:

At Seafirst, there was a consent judgment against chairman William Jenkins and other top bank officials in an amount exceeding $100 million, the judgment to be paid solely by the insurance carriers.

Last month, the suit against the carriers was settled and the results sealed. Bank of America, owner of Seafirst, then announced a $46 million addition to its bottom line, so it is fair to assume that was the settled amount.

CONTINENTAL MAY SET RECORD

The all-time high settlement may come from Continental Illinois, and that is appropriate for the all-time record bank failure. Chairman Roger Anderson, president John Perkins, and other top officers agreed to settlements totaling $88 million, to be paid solely by the insurance carriers. The insurance was staggered, carried in differing degrees by several companies. Some settlements have been reached, others are pending, and whatever is left will go to trial in November.

In a category all by himself is Stanford S. Stoddard of Michigan National. Accused of misusing bank funds for his personal pleasures, including paying for his daughter's wedding reception, Mr. Stoddard was assessed a $146,000 penalty by an administrative law judge.

Comptroller Clarke let Stoddard off in a ruling that reminds one of Alice in Wonderland: "Although Mr. Stoddard flagrantly misused bank funds, the bank's expenditures . . . do not constitute extensions of credit. Accordingly, the civil money penalty shall not be assessed."

Separately, Mr. Stoddard was convicted in a criminal trial and sentenced to three years. He remains free on appeal.

In most cases, where fraud or negligence is involved, suit is filed against a number of culpable bank officers. The usual pattern is for most of their insurers to settle. Others go to civil trial.

Two cases this year indicate the pattern. In FDIC v. Bruce A. Bryan (Farmers and Merchants National Bank of Hennessy, Okla.), a jury returned a $3.3 million verdict against two inside directors. In FDIC v. Rex Niver (First State Bank of Thayer, Kan.), a jury found against two defendant directors in amounts of $860,000 and $255,000.

Last year, a judge handed down a $865,000 judgment in FDIC v. Craig Caldwell (Western National Bank of Santa Ana, Calif.)

How to end a column like this, one prompted by the guilty pleas of Mr. Patterson and Mr. Lytle, two who looted their banks? My preference would be to say that white-collar crime does not pay. Under the circumstances I'll just have to be silent. The Wall Street Journal recently said what we need is a sufficient demonstration that bankers are to be held accountable for their mistakes.

[From Newsweek, June 20, 1988]

LOAN STARS FALL IN TEXAS

(By Bill Powell and Daniel Pedersen)

Donald R. Dixon, it seemed, always knew the right thing to say, the right face to put on, the right image to convey. Whatever role he needed to play to get what he wanted he played brilliantly, and in the

spring of 1981 he sat in a house by Lake LBJ in the gently rolling hills of central Texas and played the prodigal son. He sat and spoke reverently of the town in which he was raised. Vernon, Texas, about 200 miles northwest of Dallas, is a town notable only for its wholesome familiarity. There is a single town square, several churches, three banks and two small savings associations. Of the two, Vernon Savings & Loan was the biggest. Many local workers—like those who stitch Boy Scout uniforms at a plant just outside town—deposited their paychecks there and took loans to buy their modest homes. Dixon, a successful developer in Dallas by his mid-30s, told banker R. B. Tanner, sitting in his hill country home, about his desire "to return to my roots."

He had loved Vernon as a boy, he said, growing up the affluent son of the local newspaper owner and popular radio personality, W. D. Dixon. Now, he said earnestly, he wanted to give something back to the community. He wanted to buy the thrift Tanner owned—Vernon Savings & Loan Association. Tanner, then 65 and ready to pass on a business he'd run for more than 20 years, says Dixon assured him that there would be few changes, and that suited Tanner fine. He had been a Depression-era bank examiner in rural Texas, and he ran his thrift with a rigid discipline born of that experience. Only a fraction of Vernon Savings' loan portfolio was in default when he turned his majority stake over in exchange for a down payment and a $1.75 million balloon note. Tanner agreed to sell, he says, because Dixon had "painted us a real pretty picture."

Next month the note was to have been paid off completely, and though Tanner would never admit it, he probably will never see a dime. Don Dixon filed for personal bankruptcy in the spring of 1987, shortly after the Federal Savings and Loan Insurance Corp. took over an insolvent Vernon Savings. FSLIC found more than 90 percent of its loans were delinquent, and soon afterward filed a $540 million civil suit—its largest ever—against Dixon and six other Vernon Savings officers, charging them with fraud and self-dealing during their five-year run at the top of the S&L. Sources close to the case believe the Justice Department, whose investigation into thrift fraud in Texas dwarfs its inquiry into Wall Street's insider-trading scams, will file similar charges shortly.

Back in 1981 there was no hint of the economic cyclone that would soon hit Texas with stunning force, putting an end to a riotous boom that many thought would last for a long, long time. Dixon certainly thought so, and so did many of the people running the thrifts in the state. There was a revolution under way in the Texas S&L industry, propelled by coming deregulation and a real-estate boom, and men like Don Dixon were in the vanguard. So too was his friend Tyrell (Terry) Barker a general contractor from California who, some months before Dixon had also approached Tanner about buying Vernon Savings. Tanner had turned him down, but Barker, for the same reasons that motivated Dixon, was determined to buy a thrift.

SERIOUS MONEY

To Dixon and Barker—and the many like them in Texas in the early 1980s—the allure of the thrifts was obvious. They offered the tantalizing prospect of serious money. Starting in 1982, Washington cut loose what was a tightly regulated, sleepily managed business. Regulators allowed thrifts to pay any amount of interest they wanted to attract deposits—and the thrifts loaned them out more aggressively than every before.

The business soon attracted real-estate men with the instinct of gamblers. They paid high rates and then turned around and poured the money right back into the blistering real-estate market. By far the biggest shot at earning millions, they saw, came from their ability to get a piece of every deal the thrifts would finance. In return for a loan, S&L's could now ask for a chunk of the proceeds from the sale of a developed property.

MAIN MAN

Dixon and Barker were very interested in getting rich quick. One of Barker's business ventures after coming to Texas in 1980 was a development partnership called MLMQ number 1—"Make Lots of Money Quick." Thanks to the surge in real estate prices in California, Barker had done reasonably well. But when he arrived in Texas he didn't have enough money to buy even a small S&L, so Dixon introduced Barker to Herman K. Beebe Sr. Beebe owned AMI Inc., a diversified company with interests in nursing homes, motels and insurance. But in the early '80s, Beebe started bankrolling people who wanted a piece of the thrift action in Texas. "Herman was the man to see," says a former thrift regulator.

Dixon's introduction of Barker to Beebe in 1981 began what one FSLIC investigator calls the tale of "the godfather and the two sons." Dixon had known Beebe since the mid-1970s, and he frequently borrowed from a Houston S&L that Beebe controlled. Beebe helped Dixon purchase Vernon Savings. In truth, the emotional reasons for the purchase that Dixon had to eloquently described to R. B. Tanner had little to do with the deal, says Dale Anderson, the former president of AMI and long Beebe's closest associate. To Beebe, Dixon played the more realistic role of a let's-get-the-deal-done businessman, and Beebe warmed to him. Dixon bought Vernon Savings mainly because it was the easiest to finance. When Dixon brought Barker to Beebe, Beebe again didn't hesitate. Contractor Barker didn't have a whit of banking experience ("When I knew him in California," says a former colleague, "he wore dirty clothes and pounded nails"), but he got $880,000 from Beebe to buy State Savings and Loan in Lubbock, Texas.

From that point on, the three lives were linked inextricably. Each man in the next few years earned millions financing Texas real-estate deals. But each also crashed in a heap, victims of a heady era not unlike that which soon followed on Wall Street—one in which making big money fast was the highest priority, no matter how it was done. Barker last year was convicted of fraud and is serving five years in a federal penitentiary in Fort Worth. Herman Beebe, having pleaded guilty to two felony charges (for wire fraud and conspiracy) will join him there shortly, serving a scheduled sentence of a year and a day. Beebe is also now cooperating with the Justice Department's probe of Dixon, who of the three flew the highest and fell the farthest. He has been accused by FSLIC of "looting, dissipating and wasting Vernon's assets," and has yet to respond formally to the allegations.

After getting their S&L's in 1981, Dixon and Barker were living high and making millions, with no prospect that things would soon change. They both expanded small branch offices their thrifts had in Dallas and turned them into executive offices. The small-town pace of Vernon and Lubbock had no allure for two relatively young men trying to make millions. Occasionally Dixon visited Beebe's modern mansion just outside Shreveport. The two also traveled together frequently, playing gin and drinking bourbon on the plane, with the younger Dixon referring to Beebe by the grandfatherly nickname of "Papaw." And from 1982 to 1984 says a former Barker associate, "Terry and Beebe were on the phone to each other all the time."

PACKAGE DEALS

Their bond was money. Says U.S. Attorney Joe Cage, who prosecuted Beebe twice: "Beebe created Barker and Dixon for his benefit, their benefit, everybody's benefit but the American taxpayer. It worked great for awhile." Beebe started financing savings and loan associations, allowing him to sell more of AMI's credit life insurance. According to Anderson and FSLIC investigators who have looked into Dixon's affairs at Vernon, Dixon was adept at peddling AMI's insurance to the S&L's borrowers. Anderson said a $200,000 loan was often offered with a $200,000 credit life policy. "We were very careful about how we worded it," he says. "If a borrower said he'd talk to his own insurance man, we'd say, 'Fine. That's probably where you need to get your loan'." In two years, according to Anderson, AMI netted $2.5 million through Vernon's insurance sales.

The quid pro quos flirted with the outer limits of the law, and the practice foreshadowed far more questionable practices that would emerge later. Barker wasn't as adept selling Beebe's credit life policies through his S&L, State Savings, but he learned how to deal feverishly in the real-estate market. His motto was "If I rest, I rust," and part of his energy may have been fueled by a desire to overcome dyslexia. According to a psychologist's report filed at his trial last year, Barker reads only at the third-grade level.

DOGGIE POOL

His main passion outside of business, it seemed, was his two dogs—an English bulldog and a Labrador. He traveled almost everywhere with them, and in 1983 he built a miniature swimming pool just outside the sliding glass doors of his Dallas office so his pets could refresh themselves in the scalding summer heat.

Baker followed a simple business philosophy: "You bring the dirt, I bring the money. We split 50-50." Borrowers were not required to put any money of their own into their real-estate projects. All they had to do was give State Savings a 50 percent interest in the project. According to John Meyer, former president of the S&L, State Saving's standards for credit risk were, to say the least, tolerant. He recalls one customer who had worked for a lumberyard at $35,000 a year. "The next year, he's suddenly a general contractor with a construction loan of $1.5 million." In less than two year State Savings went from $50 million in assets to $750 million.

At Vernon Savings under Don Dixon, that was only cruising speed. At a party just after Dixon had bought the thrift, Woody Lemons, the institution's president under Tanner and then the CEO under Dixon, told Vernon Savings' employees that change was imminent. S&L's were now able to compete for funds with the money-center banks and anyone else, he said; Vernon Savings would be quick and it would take risks.

Founder R.B. Tanner learned quickly that he wasn't going to like the Dixonized ver-

sion of Vernon. He had retained a seat on the board after the sale. Vernon insiders say that at the first directors' meeting he attended with the Don Dixon presiding, the new owner asked the board to approve the purchase of an expensive work of art, a bronze sculpture of an American Indian that cost $125,000. Tanner voted no, the purchase was approved and he later resigned from the board.

To the regulators in Washington and Austin—and to the new management—Tanner and his conservatism represented the stodgy, unimaginative ways of the past. In 1987 Dixon told the Dallas Times Herald that "the regulators were just thankful to have new flesh and blood foolish enough to invest in a dying industry.' (Through his attorneys Dixon refused repeated requests for interviews by NEWSWEEK, as did Barker and Beebe. In the past, one of Dixon's attorneys has denied fraud allegations.)

Dixon's Vernon Savings went after big deposits from institutional investors vigorously—money that was very sensitive to the slightest rate changes. From 1982 to 1986, Vernon accepted $1.7 billion in new deposits. Dixon also moved the S&L quickly into the booming financial-real-estate market for the first time. FSLIC . . . complaint alleges that . . . the start Vernon's loans were made just as Barker's had been at State Savings: "with intentional and reckless disregard . . . of the collectibility." A former customer says that Vernon had become, simply, "the lender of last resort."

Dixon, some associates say, would profess ignorance of the industry's regulations whenever federal or state regulators raised questions—as they did as early as 1983. Others say that was just another of his roles—this time the ignorant developer trying to learn the ways of a new business.

Though regulators had discouraged Dixon from dealing with Beebe, the two remained close at least until mid-1984. In the meantime, according to FSLIC's complaint, Dixon was in the process of setting up elaborate schemes to use Vernon for his own personal benefit. In April 1983 he set up a bewilderingly complex web of subsidiaries under a company called Dondi Financial Corp. He did so, in part, FSLIC alleges, to transfer some stock from one of Dondi's subsidiaries to Vernon. The net effect, FSLIC says, was to inflate Vernon's net worth. By so doing Dixon was allegedly able to increase dividend payments to the thrift's major shareholders without adding to its working capital, as bank-board regulations normally require. The biggest stockholder, of course, was Dixon himself.

TAKING OFF

FSLIC charges that was only the beginning; other alleged abuses soon followed. By October of 1983 Dixon had begun to live the rarefied life of a man with apparently limitless wealth, but he did it using Vernon's funds, according to FSLIC's complaint. Uncomfortable with commercial air travel, he bought a fleet of five planes for Vernon and leased two others. In three years, FSLIC says, Vernon Savings paid out close to $6 million in maintenance fees and operational costs on the fleet.

Perhaps that wasn't surprising, given how frequently Dixon and his wife, Dana, who ran her own interior-decorating firm, used the fleet. In October of 1983, for example, they flew off to Europe for a two-week trip that Dana entitled "Gastronomique Fantastique" in a diary she kept. For several days, Don and Dana Dixon and another couple fed themselves at seven different three-star European restaurants. Their trip had been arranged in part by international playboy Philippe Junot, former husband of Monaco's Princess Caroline. ("We . . . were truly into the adventure," . . . Dixon wrote, "when we were greeted . . . Philippe Junot's smiling face and his . . . immediate quick witticisms . . .")

GOURMET TRAVEL

Dixon's justification for these trips, associates say, is that he was traveling on business. Dana says he made a side trip during Gastronomique Fantastique to Switzerland, apparently to check on a European subsidiary that was to lure foreign capital to Vernon. Dixon's craving for the high life didn't stop at world travel. Some of his friends believe he became so impressed with Beebe and his lavish lifestyle—AMI owned a private jet and Beebe had a plush house in La Costa, Calif.—that Dixon was determined to "out-perk him." Dixon once told Beebe confidant Dale Anderson that a measure of a man's success was "the number of toys he had." In December 1984 Vernon Savings bought a $2 million beach house in Del Mar, Calif.—a transaction the board, according to FSLIC's suit, never approved. For the next year, FSLIC charges, the Del Mar house was Dixon's main residence, but he paid no rent. Occasionally he threw parties for Vernon executives and customers. A former construction manager for Dixon, Jack Brenner, says they were attended by attractive young women who, he alleges, were hired for the occasions. The ostensible reason for purchasing the luxurious beach house was to monitor Vernon's West Coast project—but Brenner insists "there was no damn business reason to come out."

In Texas the world had changed considerably by 1985. The oil bust had thrown the state into recession, and the relentless climb in real-estate prices stopped. But Beebe and Barker had made a lot of money for themselves when the going was good, despite the fact that Barker failed to sell much AMI credit insurance.

Beebe and Barker continued to cut each other in on deals, including one the government later prosecuted successfully. "Basically it all boiled down to back scratching," says Roger McRoberts, the U.S. attorney who prosecuted Barker. In 1983 Barker's State Savings loaned $4.4 million to Beebe and an unnamed partner to finance the purchase of a ranch in Foard County, near Vernon. After buying the ranch for $2.8 million in June 1983, Beebe and his partner asked for most of the remainder—$1.05 million—as "working capital."

The money was promptly wired to Beebe's Bossier Bank & Trust Co. in Bossier City, La. Beebe used some of the funds to retire an outstanding loan from Barker. But according to Anderson, $800,000 was split four ways—one part to Anderson, another to Beebe, another to a Texas rancher and the last quarter to Woody Lemons, Dixon's CEO at Vernon Savings. Lemons' attorney says his client received a payment of just over $19,000 and strongly insists the transaction was "legitimate." But a government investigator believes that Beebe's transaction will be the avenue the Justice Department will use to seek an indictment against Lemons and Dixon.

In 1984 FSLIC brought in a new chairman to replace Terry Barker at State Savings. A year after that Beebe and Anderson were convicted of defrauding the Small Business Administration—a scam apparently unrelated to Dixon or Barker. Dixon quickly distanced himself from his friend Beebe. And, FSLIC says, he began unloading loans made against what had since become wildly overpriced commercial properties. In desperation, in November 1986 he enlisted the aid of House Speaker Jim Wright to keep FSLIC from closing Vernon. But by then investigators knew just how bad things were and resisted. Soon after they moved in, Dixon, back in California, filed for bankruptcy.

At Barker's trial last year, one bank official who had met with the State Savings owner revealed that he once sat around his north Dallas office and described for friends the mechanics of how so many Texas properties got so inflated during the boom. Barker had elevated age-old "land-flipping" schemes into a fine honed craft. Flipping land meant getting appraisers to pin high values on properties, and Barker had no trouble arranging that. He knew several appraisers, he claimed, from whom he could get "any price" he wanted. Then he would get one of his "network" of financial institutions to buy the property—with a big loan from State Savings—and then flip the land over to the "next greater fool." On what Barker called the "Day of the Great Fool," some investor or bank would "take their lumps." Eventually "somebody winds up [with] the property and, of course, gets buried in it."

BUSTED DOWN

In Texas in the last three years, the burials have come with increasing frequency. More thrifts and banks have failed than at any time since the 1930s. Ben Barnes, Texas's former lieutenant governor, once sat on Herman Beebe's board at Bossier Bank & Trust and, with former governor John Connally, borrowed around $40 million from Vernon Savings (legally). Their partnership went bankrupt, as the bust punished big and small investors alike. "People don't realize," Barnes says, "that this was a full-blown regional depression."

No one knows how much outright fraud contributed to the great Texas thrift crisis and how much was simply attributable to plummeting oil and land prices. Undeniably, though, unscrupulous lending practices fueled much of the crash. Next week some of Donald R. Dixon's worldly possessions will go up for sale in a bankruptcy auction at his old Dallas home. The curious will pick over Chinese porcelain vases, expensive Oriental rugs and antique guns. It will be another small Texas burial, one that R.B. Tanner won't bother to attend.

[From Business Week, Oct. 31, 1988]

HIGH-ROLLING TEXAS: THE STATE THAT ATE FSLIC

In 1982, when Congress deregulated the savings and loan industry, nowhere were the cheers louder than in Texas. Thrifts there were enjoying a booming economy and a freewheeling regulatory environment. The new federal policy seemed likely to make things even more wide open. So begins a story about how an industry with bulging pockets can distort government policy.

For the next four years, Texas thrifts kept state regulators looking the other way despite clear evidence that many were spinning reckless deals. In 1983 and 1984, Texas even broadened S&L charters to make sure that state thrifts had an even freer hand in real estate development.

Local officials also kept the Federal Home Loan Bank Board from applying the brakes in Texas. At a Fort Worth town meeting in late 1986, real estate and thrift executives

beseeched House Speaker Jim Wright (D-Tex.) to stop the FHLBB and its then-Chairman Edwin J. Gray. His regulators, they said, would ruin the state real estate industry.

Gray's critics, it turns out, had things backward. Texas eventually broke the FHLBB's Federal Savings & Loan Insurance Corp. With their influence in Washington, the state's S&Ls helped delay new funds for FSLIC for nearly one year out of fear that the money might be used to pay off depositors and shut them down. But now the cost is far higher: S&L losses keep rising because the FHLBB can't afford the $50 billion that some say it would take to close all the troubled Texas thrifts.

By contrast, keeping doors open in Washington and Austin came relatively cheap for the Texas thrift industry. Among other contributions, it anted up $2 million for the 1986 Republican primary for governor. And Speaker Jim Wright raised $240,000 for his 1986 campaign from thrifts and real estate interests—20% of his war chest, Business Week's tabulation shows.

WHO'S WHO

The House Ethics Committee is investigating Wright's involvement with the FHLBB, where he allegedly pressured regulators to go easy on Texas. Wright says he was only doing a legislator's job of representing his constitutents. Yet he wasn't the industry's only friend. Former Representative Thomas G. Loeffler, now Vice-President George Bush's campaign manager for Texas, solicited support from the Reagan Administration to name to the FHLBB an Austin lobbyist, Durward Curlee, whose client list was a virtual who's who of S&L high rollers. Loeffler says that he, too, was looking out for Texas interests.

For the thrift industry, it was mostly politics as usual—good ol' boys and political action committees exercising their rights in Washington. And the gospel of the day was: Thou shalt deregulate. Unfortunately, that deregulation came just as Texas real estate was in a frenzy.

A horde of newcomers moved in to take advantage of the state's liberal thrift rules—and few were typical bankers in pinstripes. When Harvey D. McLean, a Dallas developer and chairman of Paris Savings, reportedly attended a costume party with blue hair and wearing punk regalia, he joked to reporters that he dressed that way to visit his banker. Vernon Savings, an $83 million S&L when developer Don R. Dixon bought it in 1982, quickly acquired five airplanes and a helicopter, according to a FSLIC lawsuit.

McLean and Dixon raised few eyebrows. Curlee, the Austin lobbyist, saw nothing strange in thrift owners who liked fast transportation. Says Curlee, who was once executive director of the Texas Savings & Loan League: "That's not criminal. That's Texas."

The first crack in the industry's self-assurance came in 1984. Empire Savings of suburban Dallas, with assets of more than $300 million, collapsed. The thrift had grown seventeenfold in two years using what a 1988 federal grand jury indictment calls a scheme of land flips—successive sham sales of the same real estate at progressively higher prices. Empire's management and its developer associates pleaded not guilty, and their trial on conspiracy and fraud charges is about to begin in Lubbock. Closing Empire cost FSLIC $170 million.

That disaster galvanized Gray. He began a campaign to stomp out the brokers who supplied many fast-growing thrifts with large deposits or "hot money" in pursuit of top yields. He also wanted to curb the thrifts' new investment powers, and he replaced the head of the Dallas Home Loan Bank. The home loan banks have federal regulatory powers but are owned and run by regional S&Ls. Texans believed Gray wanted to re-regulate the whole industry, not just toss out the bad apples.

CRAZIES

Thrift examiners were overwhelmed in Texas. The Dallas bank had lost much of its staff after a 1983 move from Little Rock. And Texas had just 19 state examiners; their starting salary in 1983 was $13,000. Some S&Ls hadn't been examined for two years—an eternity for thrifts that were doubling in size annually. Gray says he asked the Reagan Administration for help. He recalls the answer from the "ideological crazies" at the Office of Management & Budget: "Deregulation meant getting government out of the industry."

Meanwhile, Curlee had left the Texas league. He began a new lobbying campaign, with the league and 20 of the most aggressive thrifts as his clients. They included Vernon, Sunbelt, and others since taken over by the FHLBB. In Washington, Curlee and his clients started calling on congressmen to oppose Gray's agenda. "We began hearing that a contingent of Texas thrifts was working to get Gray out of office," says Shannon Fairbanks, former FHLBB chief of staff.

Back in Austin, the Texas industry set out to show that it could clean its own house. Former state S&L Commissioner L. Linton Bowman III drafted a bill that would let state regulators seize an S&L without going to court. But he was frustrated at every turn. The bill was passed only after Bowman reached a private agreement with a thrift owner who figured he was the measure's intended target. Says Bowman: "I had to negotiate with people I didn't want to be in the same room with."

Part-time legislators, and the potential for conflicts of interest, are a fact of life for many state regulators. Stanley D. Schlueter, for example, was on the House committee overseeing the state S&L commission. A developer, he shared in a joint land deal with Lamar Savings, which later failed. Grant Jones served on the comparable Senate committee—as well as the board of Commodore Savings until the FHLBB took it over. When FSLIC took control of Vernon, on its list of delinquent loans was a 1984 loan for $75,000 to El Paso Senator H. Tati Santiesteban.

Schlueter denies any conflict. Jones says he sees no conflict since the committee passed no measures affecting individual S&Ls. Santiesteban says he got no preferential treatment.

In Washington, Curlee offered the FHLBB's Gray a deal. If the bank board would exempt Texas from reregulation, the state would reimburse FSLIC for its first $80 million in expenses in Texas each year. That bill sailed through the state legislature. But Gray dismissed it as inadequate, "a joke."

Gray had little else to laugh about. Texas S&L owners were making his life difficult. "It was a sport to call Ed Gray to your [congressional] office and jump his ass," says a state regulator. Opposing brokered deposits also put Gray in a pitched battle with Donald Regan, then White House chief of staff. Eventually, Attorney General Edwin Meese III asked Gray to resign. He was going to comply until Regan's staff crowed prematurely in an October, 1985, press leak. Gray dug in his heels.

Worried Texas thrifts next tried to get a friendly voice on the three-member FHLBB. Curlee asked Loeffler, who had close White House ties, to put him up for a vacancy in mid-1986. Curlee also asked former Texas congressman Kent Hance for help. Hance said that Curlee's clients made him "unappointable." But Hance also declined the seat himself. "I wasn't through with elective office," says Hance, now a Republican state railroad commissioner. "If you took that job, you would never be elected again."

STRATEGIES

Even though the politicians saw Curlee as a hired gun, they had other reasons to listen to the Texas thrift industry. Hance, who represented thrifts as an attorney, ran unsuccessfully for the Republican gubernatorial nomination in 1986 with major financing from the thrift industry. In the same primary, Vernon, other aggressive thrifts, and their developer associates ponied up $500,000 for Loeffler—some 10% of his campaign fund. A Vernon executive subsequently pleaded guilty to submitting false bills to the S&L for money that wound up in Loeffler's campaign. Federal proscecutors say the Loeffler campaign didn't know about the money's source. Says Loeffler: "There is no nexus" between his campaign funds and his support for the industry.

The high-flyers had another strategy. They chartered the High Spirits, a 110-foot sister ship of the former Presidential yacht Sequoia. The yacht, previously owned by Vernon's Dixon, soon became a popular Potomac haunt for thrift executives, legislators, and fundraisers. Thomas Gaubert, a developer and former owner of Independent American Savings, remembers the crew asking him to leave because Ed Meese was coming aboard, and they didn't think it appropriate for Gaubert, a Democratic fundraiser, to meet Meese. Now on trial in Des Moines on charges of defrauding an Iowa thrift, Gaubert describes himself as a Democratic alien in a mostly Republican industry.

Still, Curlee's clients weren't inhibited by party. In a 1985 special election Republicans in his group gave $50,000 to help Gaubert finance the congressional election of Jim Chapman, a Texas Democrat. Chapman's election was important to Speaker Wright, who wanted to stop Republican inroads in Texas.

By 1986 the Texas economy was unraveling and foreclosures were mounting. With the problems so clear, Gray finally made headway. To prevent thrifts from refinancing each other's bad loans, he rounded up 270 examiners from across the country for a statewide audit. Soon Gray was armed with tough appraisal rules that allowed him to challenge the thrifts' fancy accounting. He had the power to close any thrift in the state.

When Wright called Gray in October, the Speaker didn't want to hear the bank board version of problems at Gaubert's Independent American. Instead, Gray recalls, Wright told him: "Ed, I urge you to meet with Tom."

Gray needed legislation to strengthen FSLIC, so he appeased Speaker Wright by appointing an independent counsel to investigate Gaubert's complaints.

Don Dixon was Wright's next project. Over Christmas, Wright's staff tracked Gray down in San Diego to ask for time for Dixon to raise new capital at his struggling thrift, Vernon. "I told them if Dixon could

find someone dumb enough" to invest, says Gray, "please go ahead and be my guest."

Gray struggled from November, 1986, until August, 1987, to win congressional assent to bolster FSLIC. Two Texas Republicans, Representative Steve Bartlett and Senator Phil Gramm, sponsored an amendment that would protect Texas S&Ls from unwarranted closures. "We didn't have the money or the staff," Gray says, "so forbearance was a reality anyway." Finally, Gray got the bill. When his term ended in June, 1987, he stepped down. At that point, falling oil prices had erased 40% of the state's real estate values. The thrifts now needed FSLIC and made peace with Gray's successor, M. Danny Wall. FHLBB had won.

OVERSUPPLY

The epilogue is just as disquieting as the tale. Wall is getting mixed reviews for his Southwest Plan. Because he can't afford massive liquidations, Texas will remain oversupplied with banks and thrifts for years. That's why private investors have offered only $360 million in new capital, compared with $16.4 billion pledged by FSLIC. And some may still be looking for the good old days to return. Says one potential investor: "Heads I win, tails FSLIC loses."

As for regulatory reform, a measure to raise the pay of state thrift examiners, who currently start at $18,500, died in committee in 1987. Now Governor William P. Clements proposes to control an S&L oversight board, the majority of whose members at present are industry insiders.

S&Ls will resist, says the Texas league, because of concerns about undue influence by politicians. But insiders vs. outsiders may be beside the point. After all, neither the regulators nor the regulated have covered themselves with glory.

(By Todd Mason and Todd Vogel in Austin and Paula Dwyer in Washington, Joseph Weber in Dallas, and Antonio Fins and Gail DeGeorge in Miami)

By Mr. GORE:

S. 364. A bill to amend the Internal Revenue Code of 1986 to increase the amount of the earned income tax credit, to make the credit for dependent care expenses refundable, and for other purposes; to the Committee on Finance.

EMPLOYMENT INCENTIVES ACT

EMPLOYMENT INCENTIVES ACT

Mr. GORE. Madam President, I am introducing legislation today which is simultaneously being introduced in the other body by Representative TOM DOWNEY of New York, Representative GEORGE MILLER of California, and Representative JOHN LEWIS of Georgia. This is the Employment Incentives Act of 1989.

Madam President, over the past several years a new term has been coined to describe a segment of our Nation's work force. Sadly it applies to millions of Americans and their families who work hard, yet remain in poverty. The term is the "working-poor."

Our country was built on the belief that if you worked hard, you would get ahead. But too many hard-working families are falling behind. Despite full-time jobs, despite a commitment to self-reliance, they remain in poverty.

I believe we ought to have a principle established in America that someone who is willing and able to work should not be below the poverty line.

We ought to have a principle that someone who is willing to work should be better off than someone who is on welfare. We should not encourage families to stay on welfare because they get more financial benefits in the form of money and health benefits, et cetera, than they do if they go into the work force.

We attempted to address this problem in the last Congress with the welfare reform measure, which was a major step forward. I supported it. The occupant of the chair [Ms. MIKULSKI] supported it. We had tremendous leadership from our colleague from New York, Senator MOYNIHAN, who was the main sponsor of this legislation, and from Representative DOWNEY in the other body the main sponsor of that measure. We still have work to do.

Millions who are in the work force remain well below the poverty line. There are an estimated 9 million working poor in this country. Most have families. Nearly 20 million poor adults and children are living in families in which someone is in the work force and is working during the year. And, Madam President, the ranks of the working poor are growing rapidly, because of growing wage inequality and an increase in the number of low-wage jobs.

We know that the minimum wage has not been increased in 7 years. It is also true that 80 percent of the new jobs created in that time have been in service and retail trade, the lowest paying industries in the private sector.

Working poor families are the most vulnerable of the poor, and they need help because the so-called safety net of Government benefits is rarely available to them.

As a result, working poor families are often as far below the poverty line as welfare families in which no one is working.

Madam President, poverty, in spite of work, is a travesty. If someone is working and is still way below the poverty line, that is an unacceptable situation.

Our society simply must find a way to increase the benefits of working, if we hope to diminish poverty among families and encourage work for the nonworking welfare dependent. The increasing presence of working poor Americans does not offer an appealing alternative toward which those on welfare can look. But there are steps that we can take. Increasing the minimum wage is one approach that Congress will be looking at shortly to help the low-income working families.

I support that move, but we can do something else to assist working poor families. We can provide greater tax incentives for those who are willing to work and send a message that our society believes that work should be rewarded and that people who work should not be poor.

So today, Madam President, I am introducing the Employment Incentives Act of 1989 to assist those who work hard, yet still find themselves and their families below the poverty line or close to it.

The bill mainly will provide tax relief for the working poor. It will not create any new programs. It will simply change existing Federal laws to target aid to families with low incomes.

What does the bill do? Very briefly, the bill will do three things: First of all, it will increase the earned income tax credit and adjust it for family size.

Second, it will make the dependent care tax credit refundable to those with very low incomes and increase the average amount of the credit available to low-income families.

Third, it will increase funding for the title XX social services block grant, to provide additional resources for child care and training of child care providers.

This measure is not intended in any way as a substitute for or competing alternative to the measure introduced by the Senator from Connecticut, Senator DODD, on the subject of child care. I applaud and support his initiative.

This is a complementary measure and one which I think has an excellent chance of solving a major part of the problem. Now, let me take these provisions one by one.

First of all, modifying the earned income tax credit is probably the simplest initiative we can undertake to make work pay better. Since a modest earned income tax credit is already in place in the current tax system, expanding it will be administratively easy. The basic idea is simple. Families with low earnings gain tax credits for each dollar that they earn.

The earned income tax credit was designed to provide tax relief for low-income working families with children. It also provides an incentive to work; only those who do work get the credit. And up to the maximum income level, the more a person works, the greater the earned income tax credit benefit. The EITC portion of the Employment Incentives Act would expand the EITC, and vary the size of the credit, not only by income level, but also by family size. The goal of this provision is to help families of all sizes with a full-time worker escape poverty.

As currently structured, the earned income tax credit provides much less assistance to large families relative to the poverty line than it provides small

families. Expanding the EITC and varying it by family size would follow the commonsense notion that a family's needs are a function of size as well as income.

The second part of the Employment Incentives Act will modify the existing dependent care tax credit, which is the largest Federal program providing child care benefits for working parents. The dependent care tax credit is presently a nonrefundable credit against income tax liability available for up to 30 percent of a limited amount of child care expenses.

The child and dependent care credit presently has a major deficiency, however. It will not provide any relief to a family with income so low that it has no tax liability.

Madam President, these families are the ones who frequently need assistance with child care the most, so that they can have an easier time getting into the work force. If they have no money and if they have no child care this program on the books today which is supposed to help with child care does not give them any assistance in getting back on the work rolls.

Work "pays" less for these low-income families than it would were they able, as are wealthier families, to offset employment-related child care expenses. A work subsidy that discriminates against the poor certainly seems counterproductive, to say nothing of ethically troubling. Therefore, we will make this credit refundable.

Finally, the Employment Incentives Act includes a modest increase in the title XX social services block grant to help low-income families offset their primary work-related expense: Much has been made of the large gap between the number of children in need of child care and the availability of such care services for low-income families. Very young children are particularly lacking and the trend is getting worse because of limited funds. Twenty-three States provided title XX funded child care to fewer children in 1986 than in 1981. Those are the last figures we have available. Now although a refundable day care credit will provide some relief to working poor families, some families will need greater assistance. In addition, not all of those eligible will take advantage of the credit. Some families will be unaware of eligibility, and others will find the tax system overwhelming and unfathomable. Even so, those who use the credit will find it reimburses only 30 percent of the families' child care expenses. Thus in increasing the title XX entitlement, we will assure that States have sufficient resources to fill the gaps. This would not occur if only a tax credit approach were used to assist the working poor.

The increased title XX funds also allow States to extend child care training activity, assuring parents of better quality child care from which to choose. After all the knowledge that children are being cared for by competent and well-trained providers, whoever they may be, is the best assurance for parents that children are safely cared for while they are at work.

Finally, Madam President, we completely pay for this entire bill in the bill itself. Let me briefly explain how. To finance the provisions of the Employment Incentives Act, we are proposing to adjust the design of the tax system to correct a flaw known as the bubble that resulted during tax reform a few years ago. As our colleagues know, unfortunately, the way the final law came into being, the marginal tax rate for those earning roughly between $150,000 and $200,000 a year is 33 percent. And then when you get to incomes above $200,000, that marginal rate comes incredibly back down from 33 percent to 28 percent.

Madam President, by assuring that those with the highest incomes in our society pay the same marginal tax rate as those in the bracket just below them, we completely finance this measure for working families with children.

And we do so within the terms of this legislation. Also, we have a little bit left over to reduce the deficit by $5 billion between now and the next few years.

The Employment Incentives Act is in short a plan of simple steps to help address a different problem.

It will enable some hardworking families struggling to make it to escape poverty. That is the goal of this bill. Families that work should not be poor.

This legislation is the result of months and months and months of carefully detailed work. The numbers have been crunched and crunched and crunched again. All the nuts and bolts have been carefully put into place. It is not just a broad-brushed rhetorical or ideological thrust or presentation. It could be enacted tomorrow with fiscal responsibility and have a tremendously beneficial impact on the working poor in America, so I urge my colleagues to support it. I look forward to working with them to try to enact this measure and I hope that it will receive an enormous amount of support. I will put the text of the bill in the RECORD in two places, and a much more detailed analysis and explanation complete with graphs—I mean charts and columns that demonstrate the detailed impact on families at every income level, depending upon how many children they have.

Madam President, I appreciate the courtesy and time. I yield the floor.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 364

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Employment Incentives Act of 1989"

SEC. 2. INCREASE IN EARNED INCOME TAX CREDIT.

(a) GENERAL RULE.—Subsections (a) and (b) of section 32 of the Internal Revenue Code of 1986 (relating to earned income tax credit) are amended to read as follows:

"(a) ALLOWANCE OF CREDIT.—

"(1) IN GENERAL.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to the credit percentage of so much of the earned income for the taxable year as does not exceed $6,810.

"(2) LIMITATION.—The amount of the credit allowable to a taxpayer under this subsection for any taxable year shall not exceed the excess (if any) of—

"(A) the credit percentage of $6,810, over

"(B) the phaseout percentage of so much of the adjusted gross income (or, if greater, the earned income) of the taxpayer for the taxable year as exceeds $10,740.

"(b) PERCENTAGES.—For purposes of subsection (a)—

"(1) CREDIT PERCENTAGE.—The credit percentage is 21 percent (30 percent in the case of an eligible individual with 2 or more qualifying children).

"(2) PHASEOUT PERCENTAGE.—The phaseout percentage is 15 percent (20 percent in the case of an eligible individual with 2 or more qualifying children)."

(b) QUALIFYING CHILD DEFINED.—Subsection (c) of section 32 of such Code is amended by adding at the end thereof the following new paragraph:

"(3) QUALIFYING CHILD.—The term 'qualifying child' means any child (within the meaning of section 151(c)(3)) of the eligible individual if—

"(A) such individual is entitled to a deduction under section 151 for such child, and

"(B) such child has the same principal place of abode as such individual for more than one-half of the taxable year."

(c) ADVANCE PAYMENT PROVISIONS.—

(1) PAYMENT BASED ON NUMBER OF QUALIFYING CHILDREN.—

(A) Subsection (b) of section 3507 of such Code is amended by striking "and" at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting ", and", and by inserting after paragarph (3) the following new paragraph:

"(4) states the number of qualifying children (as defined in section 32(c)(3)) of the employee for the taxable year."

(B) Paragraph (2) of section 3507(c) of such Code is amended—

(i) by striking "14 percent" in subparagraphs (B)(i) and (C)(i) and inserting "the credit percentage",

(ii) by striking "subsection (b)" in subparagraph (B)(ii) and inserting "subsection (a)(2)", and

(iii) by adding at the end thereof the following new sentence:

"For purposes of this paragraph, the credit percentage shall be determined under section 32(b) on the basis of the number of qualifying children specified in the earned income eligibility certificate and the determination of the amounts referred to in subparagraph (B)(ii) shall be made on the basis of the number of qualifying children so specified."

(C) Clause (i) of section 2507(e)(3)(A) of such Code is amended by inserting before ", or" the following: "(or changing the percentages applicable to the employee under section 32(b) for the taxable year)".

(2) EXPANDED PARTICIPATION IN ADVANCE PAYMENT PROGRAM.—Subsection (e) of section 3507 of such Code (relating to furnishing and taking effect of certificates) is amended by adding at the end thereof the following new paragraph:

"(6) EMPLOYERS REQUIRED TO COLLECT CERTIFICATE OR STATEMENT OF INELIGIBILITY.—On or before the date of commencement of employment with an employer, the employer shall require the employee to furnish to the employer a signed earned income eligibility certificate or a signed statement that such employee does not meet the requirements of paragraphs (1) and (2) of subsection (b)."

(3) REPEAL OF CALENDAR YEAR LIMITATION ON EFFECTIVENESS OF CERTIFICATE.—

(A) Subparagraphs (A) and (B) of section 3507(e)(1) of such Code are each amended by striking "had been in effect for the calendar year" and inserting "is in effect".

(B) Paragraph (2) of section 3507(e) of such Code is amended—

(i) by striking "for any calendar year", and

(ii) by striking "during such calendar year".

(d) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 32(f) of such Code is amended—

(A) by striking "subsection (b)" each place it appears in subparagraphs (A) and (B) and inserting "subsection (a)(2)", and

(B) by adding at the end thereof the following new sentence:

"Separate tables shall be prescribed for taxpayers with 2 or more qualifying children and for other taxpayers."

(2) Paragraphs (1) and (2) of subsection (i) of section 32 of such Code are amended to read as follows:

"(1) IN GENERAL.—In the case of any taxable year beginning after 1990, each dollar amount referred to in paragraph (2) shall be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins.

"(2) DOLLAR AMOUNTS.—The dollar amounts referred to in this paragraph are—

"(A) the $6,810 amount contained in paragraphs (1) and (2)(A) of subsection (a), and

"(B) the $10,740 amount contained in subsection (a)(2)(B)."

SEC. 3. AMENDMENTS TO DEPENDENT CARE CREDIT.

(a) CREDIT MADE REFUNDABLE.—

(1) IN GENERAL.—Section 21 of the Internal Revenue Code of 1986 (relating to credit for expenses for household and dependent care services necessary for gainful employment) is hereby transferred to subpart C of part IV of subchapter A of chapter 1 of such Code, inserted after section 34 of such subpart, and redesignated as section 35.

(2) COORDINATION WITH MINIMUM TAX.—Paragraph (1) of section 55(c) of such Code is amended by inserting "and the credit allowable under section 35" before the period at the end of the first sentence thereof.

(3) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of section 35(a) of such Code (as redesignated by subsection (a)) is amended by striking "this chapter" and inserting "this subtitle".

(B) Section 35 of such Code (as in effect before the transfer under paragraph (1)) is hereby redesignated as section 36.

(C) Section 129 of such Code is amended—

(i) by striking "21(e)" in subsection (a) and inserting "35(e)",

(ii) by striking "21(d)(2)" in subsection (b)(2) and inserting "35(d)(2)", and

(iii) by striking "21(b)(2)" in subsection (e)(1) and inserting "35(b)(2)".

(D) Subsection (e) of section 213 of such Code is amended by striking "21" and inserting "35".

(E) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by striking the item relating to section 21.

(F) The table of sections for subpart C of part IV of subchapter A of chapter 1 of such Code is amended by striking the item relating to section 35 and inserting the following:

"Sec. 35. Expenses for houshold and dependent care services necessary for gainful employment.

"Sec. 36. Overpayments of tax."

(b) CHANGE IN PHASE-DOWN.—Paragraph (2) of section 35(a) of such Code (as so redesignated) is amended—

(1) by striking "$2,000" and inserting "$1,000", and

(2) by striking "$10,000" and inserting "$20,000".

(c) DENIAL OF CREDIT FOR FEDERALLY FUNDED CARE.—Subsection (e) of section 35 of such Code (as so redesignated) is amended by adding at the end thereof the following new paragraph:

"(9) FEDERALLY FUNDED DEPENDENT CARE SERVICES.—No credit shall be allowed under subsection (a) for any employment-related expenses if any federally funded payments are made with respect to such expenses."

SEC. 4. CERTAIN GOVERNMENTAL ASSISTANCE NOT TAKEN INTO ACCOUNT IN DETERMINING DEPENDENCY DEDUCTION, ELIGIBILITY FOR EARNED INCOME CREDIT, ETC.

Section 7701 of the Internal Revenue Code of 1986 is amended by redesignating subsection (k) as subsection (l) and by inserting after subsection (j) the following new subsection:

"(k) CERTAIN GOVERNMENT ASSISTANCE DISREGARDED IN DETERMINING SUPPORT, ETC.—

"(1) IN GENERAL.—For purposes of subtitle A and section 7703, there shall not be taken into account any assistance described in paragraph (2) for purposes of determining—

"(A) the extent to which the support of an individual is provided by that individual, by a taxpayer who has the same principal place of abode as the individual (including determinations under section 152), or by the parents of the individual for purposes of section 152(e)(1)(A), or

"(B) whether a taxpayer is considered as maintaining a household.

"(2) ASSISTANCE DESCRIBED.—Assistance is described in this paragraph if—

"(A) it is provided under a Federal, State, or local governmental assistance program used for the support of the individual or for the maintenance of the household, and

"(B) the eligibility for the assistance (or the amount thereof) is determined on the basis of need or income."

SEC. 5. ELIMINATION OF PROVISION WHICH REDUCES MARGINAL TAX RATE FOR HIGH-INCOME TAXPAYERS.

(a) GENERAL RULE.—Section 1 of the Internal Revenue Code of 1986 (relating to tax imposed) is amended by striking subsections (a), (b), (c), (d), and (e) and inserting the following:

"(a) MARRIED INDIVIDUALS FILING JOINT RETURNS AND SURVIVING SPOUSES.—There is hereby imposed on the taxable income of—

"(1) every married individual (as defined in section 7703) who makes a single return jointly with his spouse under section 61013, and

"(2) every surviving spouse (as defined in section 2(a)), a tax determined in accordance with the following table:

"If taxable income is:	The tax is:
Not over $32,400	15% of taxable income.
Over $32,400 but not over $78,350.	$4,860, plus 28% of the excess over 32,400.
Over $78,350	$17,726, plus 33% of the excess over $78,350.

"(b) HEADS OF HOUSEHOLDS.—There is hereby imposed on the taxable income of every head of a household (as defined in section 2(b)) a tax determined in accordance with the following table:

"If taxable income is:	The tax is:
Not over $26,000	15% of taxable income.
Over $26,000 but not over $67,150.	$3,900, plus 28% of the excess over $26,000.
Over $67,150	$15,422 plus 33% of the excess over $67,150.

"(c) UNMARRIED INDIVIDUALS (OTHER THAN SURVIVING SPOUSES AND HEADS OF HOUSEHOLDS).—There is hereby imposed on the taxable income of every individual (other than a surviving spouse as defined in section 2(a) or the head of a household as defined in section 2(b)) who is not a married individual (as defined in section 7703) a tax determined in accordance with the following table:

"If taxable income is:	The tax is:
Not over $19,450	15% of taxable income.
Over $19,450 but not over $47,000.	$2,917.50, plus 28% of the excess over $19,450.
Over $47,000	$10,631.50, plus 33% of the excess over $47,000

"(d) MARRIED INDIVIDUALS FILING SEPARATE RETURNS—There is hereby imposed on the taxable income of every married individual (as defined in section 7703) who does not make a single return jointly with his spouse under section 6013, a tax determined in accordance with the following table:

"If taxable income is:	The tax is:
Not over $16,200	15% of taxable income.
Over $16,200 but not over $39,175.	2,430, plus 28% of the excess over $16,200.
Over $39,175	$8,863, plus 33% of the excess over $39,175.

"(e) ESTATES AND TRUSTS.—There is hereby imposed on the taxable income of—

"(1) every estate, and

"(2) every trust,

taxable under this subsection a tax determined in accordance with the following table:

"If taxable income is:	The tax is:
Not over $5,400	15% of taxable income.
Over $5,400 but not over $14,150.	$810, plus 28% of the excess over $5,400.
Over $14,150	$3,260, plus 33% of the excess over $14,150

(b) RETENTION OF CURRENT CAPITAL GAINS RATE.—Subsection (j) of section 1 of such Code is amended to read as follows:

"(j) MAXIMUM CAPITAL GAINS RATE—

"(1) IN GENERAL.—If a taxpayer has a net capital gain for any taxable year and has taxable income in excess of the amount determined under paragraph (2), then the tax imposed by this section shall not exceed the sum of—

"(A) a tax computed at the rates and in the same manner as if this subsection had not been enacted on the greater of—

"(i) taxable income reduced by the amount of the net capital gain, or

"(ii) the amount determined under paragraph (2), plus

"(B) a tax of 28 percent of the amount of taxable income in excess of the greater of the amounts referred to in subparagraph (A).

"(2) DETERMINATION OF AMOUNT—

"(A) IN GENERAL—The amount determined under this paragraph is the sum of—

"(i) the applicable dollar amount, plus

"(ii) 5 3/5 times the aggregate deductions for personal exemptions allowable to the taxpayer for the taxable year under section 151.

"(B) APPLICABLE DOLLAR AMOUNT.—For purposes of paragraph (1), the applicable dollar amount shall be determined under the following table:

In the case of a taxpayer to which the following subsection of this section applies:	The applicable dollar amount is:
Subsection (a)	$162,590
Subsection (b)	$134,750
Subsection (c)	$97,570
Subsection (d)	$81,295
Subsection (e)	$28,190."

"(c) ADJUSTMENTS FOR INFLATION.—In the case of any taxable year beginning in a calendar year after 1990, each dollar amount contained in subparagraph (B) shall be increased by an amout equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under subsection (f)(3) for the calendar year in which the taxable year begins.

"(D) SPECIAL RULE.—In the case of an individual taxable under subsection (d), this paragraph shall be applied as if a deduction for a personal exemption were allowable under section 151 to such individual for such individual's spouse."

(c) TECHNICAL AMENDMENTS.—

(1)(A) Subsection (f) of section 1 of such Code is amended—

(i) by striking "1988" in paragraph (1) and inserting "1990",

(ii) by striking "1987" in paragraph (3)(B) and inserting "1989", and

(iii) by striking "subsection (g)(4)" in paragraph (6)(A) and inserting "subsection (j)(2)(C)".

(B) Subparagraph (B) of section 63(c)(4) of such Code is amended by inserting ", by substituting 'calendar year 1987' for 'calendar year 1989' in subparagraph (B) thereof" before the period at the end thereof.

(C) Subparagraph (B) of section 151(d)(3) of such Code is amended by striking "1987" and inserting "1989".

(2) Section 1 of such Code is amended by striking subsections (g) and (h) and redesignating subsections (i) and (j) as subsections (g) and (h), respectively.

(3) Subsection (j) of section 59 of such Code is amended—

(A) by striking "section 1(i)" each place it appears and inserting "section 1(g)", and

(B) by striking "section 1(i)(3)(B)" in paragraph (2)(C) and inserting "section 1(g)(3)(B)".

(4) Paragraph (4) of section 691(c) of such Code is amended by striking "1(j)" and inserting "1(h)".

(5) Clause (iv) of section 6103(e)(1)(A) of such Code is amended by striking "section 1(i)" and inserting "section 1(g)".

(6)(A) Subparagraph (A) of section 7518(g)(6) of such Code is amended by striking "1(j)" and inserting "1(h)".

(B) Subparagraph (A) of section 607(h)(6) of the Merchant Marine Act, 1936 is amended by striking "1(j)" and inserting "1(h)".

SEC. 6. INCREASE IN ALLOTMENTS TO STATES FOR SOCIAL SERVICES.

Section 2003(c) of the Social Security Act (42 U.S.C. 1397b(c)) is amended—

(1) in paragraph (3), by striking "and 1987, and for each succeeding fiscal year other than fiscal year 1988; and" and inserting in lieu thereof "1987, 1989, and 1990;";

(2) in paragraph (4), by striking the period and inserting in lieu thereof "; and"; and

(3) by adding at the end the following new paragraphs:

"(5) $2,900,000,000 for the fiscal year 1991;

"(6) $3,100,000,000 for the fiscal year 1992; and

"(7) $3,300,000,000 for the fiscal year 1993 and for each succeeding fiscal year.".

SEC. 7. EFFECTIVE DATES; STUDY.

(a) EFFECTIVE DATE.—The amendments made by sections 1, 2, 3, and 4 of this Act shall apply to taxable years beginning after December 31, 1989; except that the amendments made by section 1(c) shall take effect on the day 30 days after the date of the enactment of this Act.

(b) STUDY.—

(1) IN GENERAL.—The Secretary of the Treasury or his delegate shall conduct a study on the feasibility of an advance payment system for the credit allowed under section 35 of the Internal Revenue Code of 1986 (as redesignated by this Act). As a part of such study, the Secretary is authorized to conduct one or more demonstration projects under which advance payments of such credit are made by employers under rules similar to the rules of section 3507 of such Code.

(2) REPORT.—Not later than July 1, 1991, the Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the study conducted under subsection (a), together with such recommendations as he may deem advisable.

THE EMPLOYMENT INCENTIVES ACT: FAMILIES THAT WORK SHOULD NOT BE POOR

Americans who work hard and yet remain in poverty are among the most vulnerable of the poor. Government benefits that provide a "safety net" are rarely available to them. As a result, working-poor families are often as far below the poverty line as are welfare families in which no one is working. And yet, these families are working to feed and clothe their families.

The ranks of the working poor are growing substantially, primarily as a result of growing wage inequality and an increase in low-wage jobs. The increasing presence of working poor Americans does not offer an appealing alternative toward which those on welfare can look. This should trouble us all. Society must find a way to make work pay better if we hope to encourage work while diminishing poverty among families.

There is something that the Federal government can do to assist the working poor. It is not welfare; it is not an alternative to work. Rather, we should reward work and responsibility—provide a better level of pay for those who are willing to work and help send a message that our society believes that work should be rewarded—that people who work should not be poor.

Our proposal includes two simple changes to our current Federal laws to help the working poor: expanding the earned income tax credit (EITC) and increasing and making refundable the dependent care tax credit. Virtually none of the money stemming from this proposal would go to people who do not work—it would be targeted to the working poor. An expanded EITC would subsidize the wages of the workng poor, increasing the return to work and therefore work effort—the exact opposite of welfare. Making the dependent care tax credit refundable, and increasing its benefits, would reduce the cost of going to work, likewise rewarding work. And both of these changes to current law would help people without any need of a stigmatizing, invasive, and often degrading welfare system.

This proposal would especially help two-parent families, since the working poor are usually found in two-parent families. But the proposal's other great achievement would be to help make work a more appealing alternative for single-parent families on welfare—who often do worse by going to work than remaining on welfare.

THE WORKING POOR IN AMERICA

Close to 20 million poor adults and children live in households in which someone works during the year. These working poor individuals represent a significant proportion of the total poverty population—close to 60 percent. Even more newsworthy is the fact that over 5.5 million individuals live in poor households in which someone works full-time year-round.

The experience of living in poverty despite work is not restricted to categories of individuals most typically associated with poverty—single-parent families, women, and minorities. Of all families that are poor despite having a full-time year-round working head-of-household, 71 percent are families in which two parents are present. More than 61 percent of all workers who fall into poverty despite full-time year-round work are men. In addition, 79 percent of full-time year-round workers who live in poverty are white.

The fact that so many individuals have joined the ranks of the working poor is astounding; even more alarming, however, are data which show that the working population is increasingly composed of poor individuals. Data from the Census Bureau reveal that the number of working age individuals (persons ages 22 to 64) who work but are still poor was 44 percent larger in 1987 than 1978. Moreover, the number of people who work full-time year-round and are still poor increased more than 42 percent between 1978 and 1987.

These numbers are a concern to all who believe that hard work should enable a family to support itself. They reveal that the returns to work are decreasing for those at the bottom. This fact may surprise those who have heard that family income has risen significantly over the past decade—17 percent in real terms between 1973 and 1987. However, there has been extremely unequal growth in family income across family types and also at different points in the income distribution, as figure 1 shows. Between 1973 and 1987, families with children experienced average real income growth of 13 percent—slower growth than among the overall population. Further, and even more significant, the poorest twenty percent of families with children suffered an income loss of 22 percent between 1973 and 1987. This loss is significant—over

$2,300 per year for families that are clearly disadvantaged. Even the next poorest twenty percent of families with children—who without a doubt have significant income from their own earnings—lost 2.6 percent of family income between 1973 and 1987, equal to an average income loss of close to $600.

THE ROLE OF THE ECONOMY, FAMILY STRUCTURE, AND FEDERAL POLICY

These data raise a question: why are there so many more persons than in the past who live in working families that remain poor? What has happened to reduce the incomes of working Americans at the bottom of the income scale, and to thrust more of them into poverty? More than any other factor, the state of our nation's economy is crucial. All other factors being equal, as long as real wages are growing across-the-board and unemployment declines, the ranks of the working poor will shrink because real incomes will be up. However, recent economic growth has not resulted in real wage growth: on average, workers in low-wage jobs have actually suffered real wage losses. Furthermore, an increasing proportion of all jobs are low-wage. Changing family structure and Federal policies have also contributed to the increasing numbers of working poor.

Despite the fact that our nation has enjoyed close to six years of economic growth, much of this growth has gone to employ the vastly expanding labor force, not to higher wages. Overall wage levels have remained relatively stagnant. Median weekly wages for full-time workers were lower in real terms in 1987 than in any year in the 1970s. Furthermore, the growth in wages that has occurred has not been distributed equitably. There is growing evidence that wages for low-paying jobs have not moved in tandem with average wages in the economy as a whole, but rather have fallen off significantly compared to average wages.

Data from the Senate Budget Committee show that an increasing proportion of all jobs are low-wage. For example, the percent of all full-time year-round workers paid low-wages (less than $11,600 per year) increased between 1979 and 1987 from 18 percent to 21 percent, while the percent of full-time year-round workers in middle wage jobs (jobs paying $11,600 to $46,444 per year) fell 4 percentage points, from 78 to 74 percent. This problem of increasing low-wage job growth has been particularly acute for young families. The percent of all workers under 35 years of age found in low-wage jobs increased between 1979 and 1987 from 39 to 44 percent.

Besides wages, another factor contributing to the ranks of the working poor is demographics. An increasing proportion of all families is headed by a single-parent. Single-parent families are more likely to be poor than two-parent families, despite work. In one-parent families, the earner is usually a woman and is more likely than a man to have part-time or low-wage job. Furthermore, many families, facing stagnant wage rates, have been able to increase the number of hours they work in order to maintain or enhance their level of earnings. In many cases, this means that a second wage earner has joined the labor force. Single-parent families cannot usually adapt to the wage problem by increasing work through a second earner. At the same time, however, it bears noting that poverty rates were higher among both two-parent and single-parent families in 1986 than in 1978. In fact, poverty increased at a faster pace among two-parent families with a worker. This suggests that the demographic shift to more single-parent families accounts for only some of the overall rise in the ranks of the working poor.

Although there have been traditionally few government benefits or services targeted specifically toward the working poor, Federal policies have also played a role in reducing the incomes of working families on the margin of poverty. For example, there has been a declining federal commitment to maintain wages through minimum wage policies. The minimum wage has not been adjusted in seven years, while inflation has raised consumer prices 33 percent over this period. A majority of workers who are paid on an hourly basis and who live in households that are poor have earnings at or near the minimum wage.

In addition to changing wage policies, benefit cuts have affected low-income families. The bulk of budget cuts in means-tested programs hit families in the $5,000 to $12,000 range, precisely the same categories in which the working poor are found. Most analysts across the political spectrum concur that the group hit hardest by the budget cuts in the AFDC program, employment and training programs, and unemployment insurance programs was the working poor population. Consider recent cuts in the AFDC program. The largest of them were explicitly aimed at mothers who worked but still had low incomes. A GAO report found that eighty percent of the families terminated from AFDC were below the poverty line 1½ to 2 years after being cut from the program. A number of these families had been above the poverty line before the cuts, but the loss of AFDC income pushed them into poverty.

Figure 2 illustrates what now happens to an AFDC family (this one consisting of a mother with two children) if the mother goes to work full-time at a low-wage job (for example, at the minimum wage of roughly $7,000 per year). Basically, she loses all cash support. Reductions in food stamp and AFDC benefits, and increases in taxes and work expenses, all combine to leave her family no better off economically than it would be were she not to work at all. This marginal tax rate on her earnings has increased 40 percent in less than a decade, and surely has discouraged work and lowered earnings for welfare recipients.

POLICIES THAT MAKE WORK PAY

Fortunately, despite this gloomy picture, the growing emphasis on the need for "self sufficiency" provides fertile ground to highlight the conditions of the working poor. The proposition that the working poor should be rewarded not punished, and should enjoy better living conditions than those who do not work, should elicit little opposition.

What can we do? We need a set of initiatives that assists the working poor. In so doing, the last thing we want to do is create a system that discourages and penalizes work or that isolates and stigmatizes the very people who are struggling to become part of the economic mainstream. Instead, we want to find ways to reinforce their efforts, to integrate them, and to indicate that their work is valued and that work will pay off. If we want to have a society of which it truly can be said that anyone who works can make it, if we want to help working-poor families, then, surely, we must find better rewards for the efforts of the working poor.

When someone works to support his or her family and the family is still poor, the most obvious problem is the person's low wages. So the equally obvious answer is to raise wages. If we could magically raise wages among low-paid workers without diminishing the number of jobs, we would increase the reward to work and the autonomy of low-income working families; we also would probably strengthen families and help integrate people into the economic mainstream. Those who are now the working poor would feel economically secure without the need for welfare. Those who are now on welfare would find that, instead of losing income as they go to work at low wages, work actually pays off.

As noted above, one way to raise wages is to have strong, widely-shared economic growth. Working poor families ride the roller coaster of broad economic trends and they pray for better paying jobs. Eventually, economic growth whose benefits are widely distributed could pull most of these families out of poverty. But recent economic growth has gone to employing the vastly expanding labor force, not to higher wages. And while we wait for economic growth to trickle down, working poor families remain among the country's least secure people.

One of the most important initiatives we can undertake to make work pay better is the earned income tax credit (EITC). A modest EITC is already in place in the current tax system, so expanding it would be easy. The basic idea is simple: families with low earnings gain tax credits for each dollar that they earn. The EITC was designed to provide tax relief for low-income working families with children. It also provides an incentive to work: only those who *work* get the credit, and, up to the maximum income level, the more a person works the greater the EITC benefit. In addition to the work incentive benefits, the EITC is easy to administer.

The EITC portion of the proposal would expand the EITC and vary the size of the credit not only by income level but also by family size. The goal of this provision is to help families of all sizes with a full-time worker escape poverty. As currently structured, the EITC provides much less assistance to large families relative to the poverty line than it provides small families. Expanding the EITC and varying it by family size would follow the common-sense notion that the extent of a family's needs is a function of its size as well as income. Because such a move would be both pro-work and pro-family, it has been hailed by conservatives and liberals alike.

The second component of the proposal is to modify the existing dependent care tax credit, the largest Federal program providing child care benefits for working parents. The dependent care tax credit is a nonrefundable credit against income tax liability, available for up to 30 percent of a limited amount of child care expenses. The child and dependent care credit has a major deficiency, however: it won't provide any relief to a family with income so low that it has no tax liability. Work "pays" less for these low-income families than it would were they able, as are wealthier families, to offset employment-related child care expenses. A work subsidy that discriminates against the poor certainly seems counterproductive, to say nothing of ethically troubling.

Finally, the proposal includes a modest increase in the Title XX social services block grant to help low-income families offset their primary work-related expense: child

care. Much has been made of the large gap between the number of children in need of child care and the availability of such care. Services for low-income families, and very young children, are particularly lacking and the trend is getting worse. Because of limited funds, 23 States provided Title XX-funded child care to fewer children in 1986 than in 1981.

Although a refundable day care credit will provide some relief to working poor families, some families will need greater assistance. In addition, not all those eligible will take advantage of the credit; some families will be unaware of their eligibility. Others will find the tax system overwhelming and unfathomable. Even those who use the credit will find that it reimburses only a portion of the family's child care expenses. Increasing the Title XX entitlement will assure that States have sufficient resources to fill the gaps that would occur if only a tax credit approach were used to assist the working poor.

The increased Title XX funds will also allow States to expand their child care training activities, assuring parents of better quality child care from which to choose. After all, the knowledge that children are being cared for by competent and well-trained providers—whoever they may be—is the best assurance for parents that their children are safely cared for while they are at work.

In summary, the proposal would maintain the existing dependent care tax credit, but make it refundable and increase the average amount of the credit available to low-income families. The earned income tax credit would be expanded and adjusted for family size. And, funding for the social services block grant would be increased. By so doing 1.6 million people who are working hard to make it will be able to escape poverty. And that's the overarching goal—families that work should not be poor.

SUMMARY OF THE PROPOSAL

I. Subsidize the Wages of the Working Poor.

A. Increase the earned income tax credit and adjust it for family size.

Present Law.—The earned income tax credit is a refundable tax credit available to married individuals filing joint returns who are entitled to a dependency exemption, surviving spouses, and unmarried heads of households who maintain a household for a child. If more than half of the family income used to provide support of the dependent or to defray household expenses, is from AFDC or certain other sources (including other means-tested transfer payments), the earned income credit generally is not available.

In 1990 the credit is estimated to equal 14 percent of the first $6,810 with a maximum credit of $953. For each dollar of adjusted gross income above $10,740, the credit is reduced by 10 cents. The $6,810 and $10,740 figures are adjusted annually for inflation. The size of the credit is unrelated to the number of dependents.

The EITC is refundable, so that an individual receives the benefit of the credit even if he or she has no tax liability for the year. Employers must add advance payments of the credit to an individual's paycheck upon request.

The Proposal.—The earned income tax credit would be increased and adjusted for family size. In 1990, for families with one child, the credit would equal 21 percent of the first $6,810 with a maximum credit of $1,430. For each dollar of adjusted gross income above $10,740, the credit would be reduced by 15 cents. For families with two or more children, the credit would equal 30 percent of the first $6,810 with a maximum credit of $2,043. The credit would be reduced by 20 cents for each dollar of adjusted gross income above $10,740.

The credit would be completely phased out above an income of $20,270 for one-child families and $20,960 for larger families. The parameters for the earned income tax credit would continue to be adjusted annually for inflation.

The number of children used for determining eligibility for the more-than-one-child rate would be based on the number of exemptions taken for children who reside with the taxpayer. Benefits provided under means-tested transfer payment programs would not be taken into account in measuring support or household expenses to assure that all families with low annual earnings receive the credit.

In addition, to increase the number of families who receive the credit in advance, employers would be required to obtain from all new employees a form on which advance payments are requested or refused under present law. The EITC advance payment election would continue in effect until the taxpayer revokes the election. The advance payment amount would also be adjusted for family size.

II. Reduce the Cost of Working.

A. Make the dependent care credit refundable.

Present Law.—A nonrefundable credit against income tax liability is available for up to 30 percent of a limited amount of employment-related dependent care expenses. Such expenses are limited to $2,400 (with a maximum credit of $720) if there is one qualifying individual, and $4,800 (with a maximum credit of $1,440) if there are two or more qualifying individuals. A qualifiying individual is a dependent under the age of 13, or a physically or mentally incapacitated dependent or spouse. In the case of married taxpayers, the credit is also limited to no more than the earned income of the spouse with the lesser earnings. The credit is nonrefundable (i.e., limited to tax liability).

The 30-percent credit rate is reduced, but not below 20 percent, by one percentage point for each $2,000 (or fraction thereof) of adjusted gross income above $10,000.

Present law also provides that expenses for AFDC reimbursed child care may not be treated as income in determining eligibility for any Federal need-based program and may not be claimed as an employment-related expense for purposes of the dependent care credit.

The Proposal.—The dependent care credit would be made refundable so that it would be available to an individual without regard to the amount of the person's tax liability. Expenses for disabled spouses and dependents would continue to be eligible for the credit as under present law.

In addition, the 30 percent credit rate would be reduced to a 20 percent rate between $20,000 and $29,000 of adjusted gross income rather than between $10,000 and $28,000 as under present law.

Under the proposal, the "no double dipping" rule established for the AFDC program would be extended to Title XX day care.

Finally, the Treasury Department would be directed to conduct a study (including demonstration projects) of the feasibility of an advance payment system for the dependent care credit.

Figure 4 illustrates the effect of the dependent care credit proposal. In combination the EITC and dependent care credit proposals would provide substantial benefits to working poor families as the following table illustrates.

EARNED INCOME AND DEPENDENT CARE TAX CREDIT SCHEDULES—1990 CURRENT LAW AND PROPOSAL

AGI	EITC			Dependent care credit			
		Proposal		1990 Current law		Proposal	
	1990 current law	One child	Two or more children	One child	Two or more children	One child	Two or more children
$0	0	0	0	0	0	0	0
$2,000	280	420	600	0	0	300	300
$4,000	560	840	1,200	0	0	600	600
$6,000	840	1,260	1,800	0	0	600	900
$8,000	953	1,430	2,043	0	0	600	1,200
$10,000	953	1,430	2,043	172	0	600	1,200
$12,000	830	1,241	1,791	472	165	600	1,200
$14,000	630	941	1,391	560	465	600	1,200
$16,000	430	641	991	540	765	600	1,200
$18,000	230	341	591	520	1,040	600	1,200
$20,000	030	41	191	500	1,000	600	1,200
$22,000	0	0	0	480	960	560	1,120
$24,000	0	0	0	460	920	520	1,040
$26,000	0	0	0	420	880	480	960
$28,000	0	0	0	400	840	440	880
$30,000	0	0	0	400	800	400	800
$32,000	0	0	0	400	800	400	800
$34,000	0	0	0	400	800	400	800
$36,000	0	0	0	400	800	400	800
$38,000	0	0	0	400	800	400	800

EARNED INCOME AND DEPENDENT CARE TAX CREDIT SCHEDULES—1990 CURRENT LAW AND PROPOSAL—Continued

AGI	EITC			Dependent care credit			
		Proposal		1990 Current law		Proposal	
	1990 current law	One child	Two or more children	One child	Two or more children	One child	Two or more children
$40,000	0	0	0	400	800	400	800

Note.—The dependent care credit is calculated for a head of household with one or two children, and child care expenses equal to $2,000 per child per year. This calculation further assumes, for illustrative purposes only, that child care expenses do not equal more than 50 percent of a family's income.

Figures 5 illustrates the effect of the EITC and dependent care credit proposals.

B. Increase funding for the Title XX social services block grant

Present Law—Under Title XX of the Social Security Act States are entitled to receive social services block grant funds. These funds must be used to provide services directed at achieving five national goals: preventing or reducing dependency; achieving self-sufficiency; preventing or remedying neglect, abuse or exploitation of children and adults; preventing or reducing inappropriate institutional care; and providing services or referrals to individuals in institutions.

Title XX is a capped entitlement; funds are currently limited to $2.7 billion annually. Nearly all States use Title XX funds to provide child care assistance to needy families.

Proposal—To Provide additional resources for child care and training of child care providers, the Title XX ceiling would be increased as follows: $2.9 billion in fiscal year 1991; $3.1 billion in fiscal year 1992; and $3.3 billion in fiscal year 1993 and thereafter.

COST ESTIMATES FOR THE BILL

[Fiscal years, in billions of dollars]

	1990	1991	1992	1993	1994	1990–92	1990–94
Earned Income Tax Credit (effective Jan. 1, 1990)	0.3	5.4	5.8	6.3	6.8	11.5	24.6
Dependent Care Credit (effective Jan. 1, 1990)	.2	1.6	1.8	1.9	2.1	3.6	7.6
Title XX Social Services Block Grant		.2	.4	.6	.6	.6	1.8
Total	.5	7.2	8.0	8.8	9.5	15.7	34.0

HOW TO PAY FOR THE PROPOSAL: ELIMINATION OF THE "BUBBLE" IN THE INDIVIDUAL TAX RATE SCHEDULES

Present Law—Under present law, the individual tax rate schedules for each filing status consist of two explicit marginal tax rate brackets—15 and 28 percent. Some taxpayers in the 28 percent bracket, however, face a marginal tax rate of 33 percent—a result of the 28 percent rate plus an additional 5 percent tax associated with the phaseout of the 15 percent bracket and personal exemptions over a range of taxable income.

In 1990, the projected phaseout range is $47,000 to $109,050 of taxable income for single taxpayers, and $78,350 to $208,510 for a couple with two children filing jointly. Taxpayers with taxable income within these ranges face a 33 percent marginal tax rate. Taxpayers with incomes above the phaseout ranges face a 28 percent marginal tax rate. Thus, certain very high income taxpayers are taxed at a lower marginal rate than other taxpayers with somewhat lower income.

Under current law, capital gains income and ordinary income are taxed at the same rate.

The Proposal—Under the proposal, an explicit 33 percent marginal tax bracket would be added to the individual rate schedules. This tax rate would apply to all taxable income (with the exception of certain capital gains) in excess of the amount at which the 5 percent phaseout tax begins to apply under current law. Taxes would be raised only for those high-income families for whom the 15 percent bracket and personal exemptions are completely phased out under current law. For example, a married couple with two children would pay higher taxes only if their taxable income for 1990 was $208,510 or higher.

In order to avoid increasing the present tax rate on long-term capital gains, the proposal also provides for a 28 percent tax rate on certain long-term capital gains. This rate would apply to the amount of taxable income that is in excess of the present law phaseout range and that is attributable to long-term capital gains.

Eliminating the "bubble" raises sufficient revenue to fully offest the cost of the bill as the following table illustrates:

BUDGET EFFECT OF THE BILL

[Fiscal years, in billions of dollars]

	1990 [1]	1991	1992	1993	1994	1990–92	1990–94
Total cost of bill	0.5	7.2	8.0	8.8	9.5	15.7	34.0
Eliminate the "bubble"	3.7	7.2	8.2	9.3	10.5	19.1	38.9

[1] The estimated fiscal year cost (both revenues and outlays) of the proposals assuming an effective date of January 1, 1990.

By Mr. DASCHLE:

S. 365. A bill to provide for the continuation of certain basic services of the Postal Service consistent with postal policies under section 101 of title 39, United States Code, and for other purposes; to the Committee on Governmental Affairs.

FREE POSTAL DELIVERY PROTECTION ACT

● Mr. DASCHLE. Mr. President, last year the postal community was singled out by the President's Commission on Privatization as one of several Federal services that should be privatized. While such a recommendation was not surprising coming from that Commission, I was concerned that certain precursers of privatization could be implemented administratively—without actual legislation.

As a result, in the 100th Congress, I introduced S. 2242, the Free Postal Delivery Act of 1988. This bill would reaffirm our national commitment to universal postal service.

Because of my concern that the notion of privatizing the U.S. Postal Service may remain alive in certain circles, I am today reintroducing the Free Postal Delivery Act to reinforce my strong conviction that a strong majority in Congress supports the principle that citizens of our country should be guaranteed the right to comprehensive and efficient Postal Service.

Every year, small communities throughout the country, and especially in predominently rural States like South Dakota, are threatened with reductions in their Postal Service. Rumors of wholesale closings of small community post offices seem to be an annual rite of passage.

This past year has been an exception, as I continue to receive a dispro-

portionate number of requests from postal customers and employees for help in saving rural postal facilities. The citizens of our country deserve to be free of the spectre of service reductions caused by unjustifiable post office closings.

Last year's attack by the President's Commission on Privatization recommended the repeal of the private express statutes for rural delivery immediately. Absent heavy subsidies, the repeal of these statutes, which would effectively privatize the U.S. Postal Service, would have a devastating impact on the residents of rural America.

I remain confident that the U.S. Congress will not tamper with the private express statutes. My legislation, the Free Postal Delivery Protection Act of 1989, would underscore our national commitment to a universal Postal Service and prempt any serious discussion of administrative attempts to reduce postal service to rural or urban areas.

My bill simply reaffirms three basic principles—free mail delivery, maximum delivery schedules, and standardized service nationwide.

FREE DELIVERY

The cost of mail delivery is not today, nor should it be tomorrow, based on a person's location or proximity to large population centers. We have committed ourselves to a unified Postal Service charged with uniting all parts of the Nation. A guarantee of free mail delivery at uniform delivery rates is the strongest public signal Congress can send to the U.S. Postal Service and the public about its commitment to unified postal delivery. The Free Postal Delivery Protection Act of 1989 would once again write into law the commonly held perception that postal patrons shall be guaranteed free delivery of mail.

MAXIMUM DELIVERY SCHEDULES

The need for regular delivery of mail is the same for both urban and rural postal patrons. Many people in this nation rely on the U.S. Postal Service for the delivery of timely letters, publications and urgently needed medications. While urban patrons can typically rely on regular 6-day delivery schedules, many of their rural counterparts receive delivery as infrequently as three times per week.

The people who rely on the Postal System for delivery of essential medicines, such as insulin and other prescription drugs deserve a message of reassurance that they will not suffer further erosion of service. The Free Postal Delivery Protection Act would send such a message by writing into law a mandate for providing timely postal delivery service to all patrons.

STANDARDIZED SERVICE

Currently, Congress requires that the Postal Service follow certain steps before closing or consolidating a post office or delivery route. One glaring deficiency in the evaluation process, however, is the lack of an objective standard to measure service. The Free Postal Delivery Protection Act will mandate that the service to be provided under a proposed closing or consolidation be measured against the service for similar areas throughout the postal division. This provision would ensure that all similarly situated postal patrons would receive similar service.

Under this bill, the Postal Service would also be required to provide members of a community threatened by a closure with alternatives for Postal Services, ranging from a contract station to regular, in-person delivery service. These alternatives, in turn, must maintain service levels in the area.

Mr. President, the U.S. Postal Service handled 160.5 billion pieces of mail in 1988. It is clear that this agency is one of the most heavily relied upon vehicles for the delivery and receipt of information. To many rural South Dakotans, the U.S. Postal Service is the only viable delivery source for basic necessities. I suspect that, with nearly 43,000 rural mail routes nationwide, many of my colleagues have constituencies which share our concern about the threat to rural free delivery posed by the advocates of privatization efforts.

The Free Postal Delivery Protection Act of 1989 is designed to help restore public confidence in the U.S. Postal Service and protect the basic services guaranteed to postal patrons. I ask my colleagues to join me in reaffirming our national commitment to the principle that Postal Services in this Nation are basic and fundamental.

I thank the Chair and ask that the entire text of my bill be reprinted in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 365

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Free Postal Delivery Protection Act of 1989".

FINDINGS

SEC. 2. Consistent with Postal policy under this section 101 of title 39, United States Code, the Congress finds that—

(1) there is a need for reaffirmation of the basic policies under such section, including the operation of the Postal Service as a basic fundamental service;

(2) postal needs of urban and rural residents are similar and there is a need to maintain quality office service;

(3) wholesale privatization of basic services, specifically free delivery, poses a direct threat to the bond between the Government and citizens;

(4) postal patrons need six-day mail delivery, and such patrons rely on six-day delivery for timely publications such as newspapers, and for urgent needs such as medication; and

(5) closures and consolidations of offices need to be evaluated on objective criteria and measured against service within the same Postal Service division.

FREE DELIVERY AND SIX-DAY DELIVERY SERVICE

SEC. 3. Section 403(b) of title 39, United States Code, is amended—

(1) in paragraph (2) by striking out "and" at the end thereof;

(2) in paragraph (3) by striking out the period at the end thereof and inserting in lieu thereof a semicolon and "and"; and

(3) by adding at the end thereof the following new paragraphs:

"(4) consistent with Postal policies under section 101 of this title, to provide for, and maintain a delivery service for the free delivery of mail serving the entire urban and rural population of the United States to the greatest extent practicable; and

"(5) consistent with Postal policies under section 101 of this title, to maintain a six-day mail delivery schedule in all areas to the greatest extent practicable, and to maintain the minimum delivery level of such delivery schedules at the fiscal year 1983 level.".

CLOSING AND CONSOLIDATION OF POST OFFICES

SEC. 4. Section 404(b) of title 39, United States Code, is amended—

(1) in paragraph (2)

(A) in subparagraph (D) by striking out "and" at the end thereof; and

(B) by redesignating subparagraph (E) as subparagraph (F) and inserting after subparagraph (D) the following new subparagraph:

"(E) whether such closing or consolidation may substantially change the character and nature of delivery relative to delivery service for other post offices in the same Postal Service division; and"; and

(2) in paragraph (3) by inserting ", along with proposed alternatives for service," in the second sentence after "finding".●

By Mr. BAUCUS (for himself, Mr. ROCKEFELLER, and Mr. DASCHLE):

S. 366. A bill to amend title XVIII of the Social Security Act to make certain payment reforms in the Medicare Program to ensure the adequate provision of health care in rural areas, and for other purposes; to the Committee on Finance.

RURAL HEALTH MANPOWER ASSISTANCE ACT

● Mr. BAUCUS. Mr. President, today we are introducing a bill for rural America, the Rural Health Manpower Assistance Act of 1989.

Joining me in this effort are two of my distinguished colleagues on the Finance committee, Senator ROCKEFELLER and Senator DASCHLE. Both have been good friends to rural America. I am pleased to have their support.

Last year we introduced the Rural Health Payment Reform Act of 1988. Several components of that bill, dealing with health manpower needs are extended in our current legislation.

During the 100th Congress we introduced the Rural Health Care Viability Act of 1987. That bill made a number of small, but badly needed, changes in health care laws affecting rural physi-

cians. We have been encouraged by the positive response that initiative received. Congress enacted the majority of the bill as part of the 1987 Reconciliation Act.

This bill amplifies the important changes that have been made in the last Congress, and adds some new ones that are equally necessary.

Mr. President, let me explain why we need this bill.

Providing access to health care providers in the far corners of our country is no easy task.

In my own State of Montana, more than two-thirds of the State's population lives outside of our cities. Nearly 60 percent of the counties are classified as "health manpower shortage areas," one of the highest rates in the Nation. Despite the staggering numbers of new physicians being graduated from schools, too few are electing to practice as primary care providers in isolated rural areas. Right at this moment over 50 percent of Montana's counties are searching for physicians to provide basic health care.

But this is not just a problem in Montana. Consider these facts about rural America: First, almost one-fourth of the U.S. population lives in rural areas, but a full 30 percent of seniors eligible for Medicare live in these regions, second, chronic diseases such as arthritis are more prevalent than in urban areas, as are work related injuries and disability, third, infant mortality rates are higher than in cities, and fourth, despite these health care needs, physician to population ratios in small rural areas are one-third that in urban areas.

Why aren't physicians starting practices in rural America? More and more new doctors are going to better compensated specialties, rather than primary care. People care doesn't pay as well as procedure care. In the U.S. rural doctors are paid one-third less than their urban counterparts for exactly the same services. In Canada doctors get a 10-percent bonus for working in rural areas. Doctors in small rural areas feel isolated from new advances and specialty consultation. There is no one down the hall with whom to talk over a case. Indeed, in many respects we are ignorant of what really works in getting a doctor to practice in rural America, or what are the country's rural health manpower needs.

These are serious problems and they must be addressed. We await with anticipation the deliberations of the Physicians' Payment Review Commission that will address the relative value of primary care services, and geographic variability of payment. It appears, however, that the Commission's deliberations may take an extended period of time. Time that rural America cannot afford.

The bill we are introducing today is an effort to help anchor doctors in underserved rural areas while the discussions of more basic and far-reaching reform continue.

The 100th Congress approved modest increases in the amount Medicare pays for all services provided by physicians practicing in rural health manpower shortage areas. This was an important first step in our efforts to restore some equity between urban and rural health professionals as well as provide a signal for those who practice in these areas that we in Congress understand their problems.

The bill we are introducing today adds an additional bonus of 5 percent over that paid this year, but only for primary care services. A few percentage points might not make a big difference right away, but it does send the right message.

Health professionals in rural areas can feel extremely isolated. At times their patients may wonder whether they are receiving the most up to date health care. One solution is to create new ongoing partnerships between providers in rural and urban areas.

The second provision of this bill will establish state of the art telecommunication linkages between rural providers and their colleagues in urban areas. Systems have been developed that allow joint real-time evaluation of patients and diagnostic tests. This improves the quality of care as well as reducing the sense of isolation that many rural physicians experience.

In trying to assess Montana's future health manpower needs, I am frustrated by the lack of data on which to make sound judgments. Rural America has been lost in the shuffle when people think about access or funding.

In the coming year several studies by GAO and OTA will provide a new data base about health care in rural America. The final provision of my bill asks the Secretary to use these new sources of information to prepare a report on rural health manpower needs to be provided to Congress within the next year.

These are not easy times in rural America. Dedicated health care professionals are being buffeted by many storms, and are having an increasingly difficult time remaining afloat.

We in Congress frequently debate the theoretical consequences of health policy on patient access. More often than not the closing of a hospital or the loss of a doctor in a city means moving your health care down the block. Losing a doctor in rural America suddenly confronts thousands of good people with the harsh reality of having no one to care for them.

Improving the lot of isolated rural primary care providers is a small change. But this bill, and others that we plan to introduce, may just be the anchor that will allow them to ride out the storm in a safe harbor.

The Nation's rural citizens deserve no less.

We hope many more of our colleagues will join us in support of the Rural Health Manpower Assistance Act of 1989.

Mr. President, I ask unanimous consent that the full text of the Rural Health Manpower Assistance Act of 1989 be included in the RECORD following my statement.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 366

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Rural Health Manpower Assistance Act of 1989".

SEC. 2. INCREASE IN INCENTIVE PAYMENTS FOR PHYSICIANS' SERVICES FURNISHED IN UNDERSERVED AREAS.

(A) IN GENERAL.—Section 1833(m) of the Social Security Act (42 U.S.C. 1395l(m)) is amended by inserting at the end thereof the following new sentence:

"In addition to the amount paid under the preceding sentence in the case of primary care services (as defined in section 1842(i)(4)) furnished in that part of any such manpower shortage area that is a rural area (as defined in section 1886(d)(2)(D)) there shall also be paid the physician delivering such services an additional amount equal to 5 percent of the payment amount for the service under this part if the service is furnished on or after January 1, 1990.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on January 1, 1990.

SEC. 3. TELECOMMUNICATIONS DEMONSTRATION PROJECTS FOR MANPOWER SHORTAGE AREAS.

(a) IN GENERAL.—The Secretary of Health and Human Services (hereinafter referred to as the "Secretary") shall enter into agreements with not less than 5 or more than 10 hospitals submitting applications under this section (in such form as the Secretary may provide) for the purpose of conducting demonstration projects to provide instruction and consultation (and such other services as the Secretary determines appropriate) to physicians in such rural areas (within the meaning of section 1886(d)(2)(D)) as are designated either class 1 or class 2 health manpower shortage areas under section 332(a)(1)(A) of the Public Health Service Act.

(b) GRANTS TO HOSPITALS.—

(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall make grants to each hospital with an agreement under this section to assist each such hospital in carrying out its demonstration project under this section.

(2) RESTRICTION.—No funds made available to a hospital under this section shall be used by a hospital for the acquisition of capital items (including computer hardware).

(c) DURATION.—A demonstration project conducted under this section shall be commenced not later than January 1, 1990, and shall be conducted for a three-year period unless the Secretary determines that the hospital conducting the project is not in substantial compliance with the terms of

the agreement entered into under this section.

(d) EVALUATION AND REPORTS.—

(1) EVALUATION.—Each hospital with an agreement under this section shall furnish the Secretary with such information as the Secretary determines to be necessary to evaluate the result of the demonstration project conducted by the hospital.

(2) REPORTS.—

(A) INTERIM REPORT.—Not later than July 1, 1991, the Secretary shall submit an interim report to the Congress on the progress of the demonstration projects conducted under this section

(B) FINAL REPORT.—Not later than March 1, 1993, the Secretary shall submit a final report to the Congress that describes the results of the demonstration projects conducted under this section and contains such recommendations as the Secretary determines are appropriate.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the demonstration projects under this section.

(f) EFFECTIVE DATE.—The provisions of this section shall become effective upon the date of enactment of this Act.

SEC. 4. STUDY AND REPORT TO ASSESS THE HEALTH MANPOWER SUPPLY IN RURAL AREAS.

(a) STUDY.—The Secretary shall conduct a study assessing the supply of health workers in areas designated as a "rural area" for purposes of section 1886(d)(2(D) of the Social Security Act. Such study shall—

(1) make specific findings to the current supply of health care workers actually engaged in providing health care services in rural areas; and

(2) assess and project the number of health care workers necessary to meet the future health care needs of individuals residing in rural areas over the next ten years.

(b) REPORT.—The Secretary shall submit a report to the Committee on Finance of the United States Senate summarizing the findings of the study described in subsection (a) no later than October 1, 1989.

(c) EFFECTIVE DATE.—The provisions of this section shall become effective upon the date of enactment of this Act.●

● Mr. DASCHLE. Mr. President, I am very pleased to join Senators BAUCUS and ROCKEFELLER today in introducing the Rural Health Manpower Assistance Act of 1989. This bill attempts to address the serious health manpower shortages that plague to many of our rural communities. In cosponsoring this bill, I want to commend my colleagues Senators BAUCUS and ROCKEFELLER for their dedication to improving the state of health care in rural America and ensuring that rural Americans receive the same quality care that their urban counterparts enjoy.

Across the country, rural Americans are forgoing essential health care services because physicians and other health personnel are just not available. This overextended rural health system, financially strained by inadequate Medicare policies, is a formula for a health care crisis in rural America.

We have all heard the sobering statistics: rural America holds 33 percent of the population, but only 12 percent of the physicians and 18 percent of the nurses. One may wonder why this disparity exists, since most people believe that physicians who practice in rural areas forsake more lucrative practice in urban areas for the slower pace, closer patient relationships, and personal gratification of rural practice. Unfortunately, as I learned during a recent health care tour in my home State of South Dakota, this stereotype has come under fire.

My travels across the State, talking to rural physicians and other health providers and patients, confirmed my belief that physicians in rural areas are struggling to provide high quality services under very adverse conditions. In fact, rural doctors must be available around-the-clock to serve older, poorer, and sicker patients using equipment that is often deteriorating and outdated. The pace of rural medicine is anything but relaxing. It is no wonder there are currently over 40 openings for family physicians in South Dakota.

For their extra effort, rural physicians find their reimbursement levels far lower than their urban counterparts; Medicare payment differentials between urban and rural areas can run as high as 60 percent. And because the elderly represent a disproportionate share of the overall rural population in most States, rural physicians tend to be more dependent on Medicare payments. This means the Medicare reimbursement system actually acts as a deterrent to rural practice.

The message that this sends to our Nation's medical school graduates is clear: If you want to work at first class facilities and receive a fair wage, a rural area is not the place to go. Given the severe shortage of rural personnel, we should be sending exactly the opposite message.

This bill takes a first step toward making Medicare payments more equitable by raising bonus payments from 5 to 10 percent for physicians who provide primary care services in rural areas. This kind of an incentive is badly needed in States like South Dakota, where the Federal Government has designated about two-thirds of our State a "primary care shortage area."

This bill also expands demonstration projects that use satellite technology to link rural physicians with providers in urban areas. This will enable physicians in rural areas to keep up with current developments in urban teaching centers so that a physician practicing in Spearfish, SD, for example, can benefit from the medical advances coming out of Minneapolis. This will help to reduce the professional isolation that physicians in remote rural areas face every day.

Finally, the bill requires the Department of Health and Human Services to conduct a study assessing the health manpower supply in rural areas. This will help rural health planners determine the number of health care workers necessary to meet the current and future health care needs of rural residents. This information is currently unavailable.

In sum, health care in rural areas is not what it should be, and there are signs that the situation is deteriorating. This bill recognizes the need for a more concerted Federal effort to assist communities in meeting the challenges of the changing health care environment.

I hope that my colleagues will join me today in support of this important bill. The whole Nation will benefit from a healthier rural America.●

By Mr. COCHRAN:

S. 368. A bill for the relief of Dr. Cornell H. Petrassevich; to the Committee on the Judiciary.

RELIEF OF DR. CORNELL H. PETRASSEVICH

● Mr. COCHRAN. Mr. President, today I am introducing private relief legislation on behalf of Dr. Cornell Petrassevich, a U.S. citizen whose dedicated service to his homeland and adopted country have already been recognized by the U.S. Senate.

Dr. Petrassevich is a Romanian-born physician who served in the Romanian Army from 1941 to 1945. After separation from the Romanian Army, he became a medical officer with the Young Men's Christian Association [YMCA] in Bucharest.

Through his contacts at the YMCA, Dr. Petrassevich became acquainted with the American Office of Strategic Services [OSS]. From 1944 to 1948, he served as a voluntary agent for the OSS in Bucharest, providing valuable information gathering services.

In 1948, Dr. Petrassevich, along with his father and brother, were arrested and later sentenced by a military court on charges of spying for American officials. Dr. Petrassevich survived 15 years of torture and hard labor in Romanian prisons. His father and brother both died within a few years of their imprisonment.

After his release, Dr. Petrassevich petitioned for immigration to the United States, but was not allowed out of Romania until 1969. He subsequently became a U.S. citizen and has worked with several hospitals as a Public Health Service physician. He retired in 1982 and is now living in Philadelphia, MS.

My bill would enable Dr. Petrassevich to obtain compensation for his service and activities on behalf of the American Office of Strategic Services from 1944 to 1948 in Romania, and his subsequent imprisonment by the Romanian Government for 15 years.

Mr. President, Senator John Stennis first called my attention to this situa-

tion prior to his retirement from this body. Senator Stennis began work on legislation for the relief of Dr. Petrassevich late in the 100th Congress, but, due to time constraints, was unable to introduce the bill. He asked me to consider taking up the matter during the 101st Congress, and then asked the Senate to pass a resolution commending Dr. Petrassevich for his service to the United States. The Senate passed Senate Resolution 498 on October 14, 1988.

Mr. President, while there is precedent for this type of legislative relief, Dr. Petrassevich's case is uniquely deserving on its own merits.

I hope the Judiciary Committee will approve this measure promptly.●

By Mr. BOSCHWITZ (for himself, Mr. HARKIN, Mr. MCCAIN, Mr. DASCHLE, Mr. MURKOWSKI, Mr. ADAMS, Mr. JEFFORDS, Mr. BURDICK, Mr. D'AMATO, Mr. METZENBAUM, Mr. STEVENS, Mr. GORE, Mr. DURENBERGER, Mr. LEVIN, Mr. SIMON, Mr. MATSUNAGA, and Mr. CRANSTON):

S. 369. A bill to seek the eradication of the worst aspects of poverty in developing countries by the year 2000; to the Committee on Foreign Relations.

GLOBAL POVERTY REDUCTION ACT

● Mr. BOSCHWITZ. Mr. President, I am very pleased to introduce today along with Senator HARKIN and 15 other colleagues, the Global Poverty Reduction Act. This bill, which was first introduced in the 100th Congress, directs that our foreign development assistance contribute in a way that can be measured to eradicating the worst aspects of absolute poverty by the year 2000.

Mr. President, poverty levels in many parts of the world are appalling and unacceptable. Infants and young children die for lack of proper health care and nutrition. Those that survive face bleak prospects of ever improving their lots. Frankly, I believe the United States can do better in helping to alleviate these conditions. That is the intent of the Global Poverty Reduction Act.

It seeks to accomplish this by proposing goals to which our bilateral development assistance should be directed. Among these goals are:

First, to reduce the mortality rate of children under 5 years old [U5MR] to 70 per 1,000 live births. According to the latest UN statistics, the U5MR rate is above 70 in 72 countries. In the 33 poorest countries, it is above 170.

Second, to increase the female literacy rate to 80 percent. It is currently around 22 percent in the 33 poorest countries. Since women provide almost all child care in developing countries, their ability to read directly affects the quality care they can provide and correlates directly to the child mortality rate.

Third, to achieve an absolute poverty level of not more than 20 percent of the population. The absolute poverty level is defined as that income level below which minimum nutritional needs and essential nonfood requirements are not affordable. Again, in the 33 poorest countries, the percentage of those in rural areas living below this level is 65 percent, and in urban areas, 35 percent.

The bill also calls on the President to develop a plan for these and any other goals he may choose, working in concert with other nations, private groups, and international organizations. Setting targets against which we can measure the effectiveness in achieving these goals makes sense. It worked in sending a man to the moon; it worked in wiping out smallpox; and it is working in the campaign around the world for oral rehydration. And in this case, it will let the American people see firsthand that their tax dollars are making a measurable and specific contribution toward erasing some of the worst aspects of poverty.

Mr. President, I want to commend RESULTS, a grassroots organization whose aim is to generate the political will to end world hunger. RESULTS has worked long and hard on the preparation and consideration of this bill and deserves a tremendous amount of credit. Partly as a result of their efforts, I believe that there is widespread support in favor of this bill. It was reintroduced in the House on January 19. In the last session, 194 Representatives and 27 Senators cosponsored this legislation. More than 70 private groups and more than 60 newspapers nationwide editorially supported it. UNICEF has called the bill "an example of the public interest in seeing real aid used for real development."

I said last year that this is a bill whose time has come. I repeat those words today. As the legislative process proceeds, I look forward to working with my colleagues, with AID, and with other interested parties to refine and modify the bill as necessary. It is my hope that this legislation receives the full consideration of the Senate. Its aim is ambitious, its approach pragmatic, and its mission absolutely essential.●

● Mr. HARKIN. Mr. President, in his 1949 inaugural address, President Harry Truman observed that: "More than half the people of the world are living in conditions approaching misery. Their food is inadequate. They are victims of disease. Their economic life is primitive and stagnant. Their poverty is a handicap and a threat to them and to more prosperous areas."

That was nearly 40 years ago, but the message is just as true today as it was then.

Despite the billions in foreign aid we spend every year, over the past 40 years since Truman's address, the problems humanitarian aid is supposed to address persist. Of the foreign aid allocated in 1988, not all was targeted to help people in developing countries overcome hunger, poverty, illness, and ignorance, as called for in the 1961 Foreign Assistance Act.

In fact, of that $14 billion, $5.3 billion is going to military aid and $3.2 billion in cash payments to strategically valuable countries. Less than $3 billion—$2.7 billion to be exact—is spent on bilateral development assistance. Some of these funds help achieve the four goals set forth in the 1961 Foreign Assistance Act. However, much is spent without specific goals in mind.

For this reason, along with Senator BOSCHWITZ, I am introducing the Global Poverty Reduction Act, which seeks to target U.S. development assistance to eliminate the worst aspects of world poverty. I am pleased to join Congressmen MEL LEVINE and JOHN MILLER, who have introduced a similar measure in the House of Representatives. A similar measure introduced in the previous Congress enjoyed the sponsorship of 27 Senators and 194 Members of Congress.

This legislation specifies three targets for measuring the U.S. development assistance program's success in reducing malnutrition, disease, starvation, and poverty.

The first is an under five mortality rate of 70 by the year 2000. The under five mortality rate [U5MR] is the annual number of deaths of children under 5 per 1,000 live births. The U5MR of 70 is roughly equivalent to the United Nations Third Development Decade goal of an infant mortality rate of 50 by the year 2000. UNICEF's "State of the World's Children 1988" report shows 33 countries with an U5MR greater than 170, compared to 74 countries in 1960 with a U5MR of 170.

The second is a female literacy rate of 80 percent by the year 2000. The female literacy rate is the percentage of females aged 15 and over who can read and write. Since women provide almost all of the child care in developing countries, an improvement in female literacy contributes directly to improving child survival by enabling women to read instructions for basic health, sanitation, medical, and nutritional standards. In addition, female literacy contributes to population control: As women become assured that their children will survive to adulthood, fewer births will be required to ensure that at least some will grow up.

The third would reduce to 20 percent a country's population living below absolute poverty. Absolute poverty is defined as the income level below which a minimum nutritionally adequate diet—plus essential nonfood requirements—are not affordable. U.S.

development aid would be targeted toward helping countries with over 40 percent of the population living in absolute poverty reduce that rate to less than 20 percent, and helping countries with absolute poverty rates of less than 40 percent halve their rates.

The Global Poverty Reduction Act directs the next President to consult with the Governments of developing countries, nongovernmental organizations, and international organizations to devise a plan to coordinate U.S. development aid to achieve these and other established antipoverty goals by the year 2000.

The practice of goal setting has already been established. Last year, President Reagan vowed to eradicate hunger in Africa by 2000. World Bank President Barber Conable calls for the elimination of the worst of Asian poverty by that date. And the World Health Assembly seeks a healthy world by 2000.

Noble goals, like reducing global poverty, are more likely to be realized if sights are set on specific targets. That is the principle underlying the three targets set by this legislation. None is easily achieved, yet none is out of reach.

Goal setting has already proven effective. Without it, the world would not have eradicated smallpox 11 years ago, and would not now be on its way to wiping out six other childhood diseases by 1990.

Establishing an accurate measurement of how effective aid is would not only help reduce poverty but could increase domestic support for foreign aid. Too often, Americans have seen their tax dollars end up in the pockets of dictators like Marcos and Duvalier. Others consider U.S. aid mismanaged, improperly disbursed, wasteful, and ineffective.

The result has been almost a yearly decrease in the foreign aid budget. On the other hand, domestic support would grow if American taxpayers saw measurable results from our foreign aid programs and if those programs benefited the world's poorest people, not the world's generals, bureaucrats, and despots.

Humanitarian concerns aside, this bill makes good economic sense for America. In 1980, Third World countries bought 88 billion dollars' worth of American goods. That figure dropped to $77 billion by 1985. Falling commodity prices and debt are important factors in this decline. But underdevelopment, which deprives people of the means overcoming their poverty, is the biggest problem. The concept is simple. A country's purchasing power increases not from the hunger of its people, of its growing population size, but from its growing wealth. Accordingly, our foreign assistance should be directed to programs to help developing nations build their indigenous economic base.

This legislation would aid developing countries make progress against disease and illiteracy which in turn will enable them to achieve economic growth and higher standards of living. This is not trickle down development theory, but trickle up. Expanding a country's growth potential will expand its purchasing power. In turn, U.S. producers will benefit. With these measurable results, support for U.S. foreign aid programs will grow as well.

I wish to inform my colleagues as well as interested parties in the development community that an ongoing dialog is now underway to examine the overall objectives and specifics of the Global Poverty Reduction Act. This discussion has been initiated in order to determine whether before this bill becomes law significant revisions will be required.

The Global Poverty Reduction Act's measurable goals makes sense and deserves the support of our colleagues in the Senate. I urge your support.●

● Mr. D'AMATO. Mr. President, I rise today as an original cosponsor of legislation which directs the President to establish a plan to alleviate the worst aspects of absolute poverty by the year 2000.

When Congress passed the Foreign Assistance Act of 1961, it pledged to "assist people in developing countries to eliminate hunger, poverty, illness, and ignorance." Now, 28 years later, less than 30 percent of foreign aid supports humanitarian goals and very little of this money is helping the neediest poor.

Global Poverty Reduction Act will use funds already allocated to target concern toward three main goals. By the year 2000, our bill calls for an under-5 mortality rate of 70 per 1,000 live births, a female literacy rate of 80 percent, and an absolute poverty level of not more than 20 percent of the population living below absolute poverty.

To follow the progress on these objectives, the President will consult with host country governments and international organizations which represent the poor in developing countries—i.e., CARE, UNICEF, RESULTS, and 21, other organizations which support the Global Poverty Reduction Act. The President will also prepare and present to Congress annual reports which explain his plans regarding this legislation.

Our bill will reinforce the purpose and goals of the Foreign Assistance Act of 1961. Through this legislation, the United States will join forces with othr countries to combat the many social, environmental, and economic problems that are associated with poverty. I am pleased to support the Global Poverty Reductioin Act and I urge my colleagues in the Senate to join me in cosponsoring this legislation.●

By Mr. CHAFEE (for himself, Mr. GRAHAM, Mr. FOWLER, Mr. ADAMS, Mr. BINGAMAN, Mr. COCHRAN, Mr. CRANSTON, Mr. DASCHLE, Mr. DURENBERGER, Mr. HUMPHREY, Mr. JEFFORDS, Mr. KASTEN, Mr. KENNEDY, Mr. LIEBERMAN, Mr. METZENBAUM, Mr. PELL, Mr. SARBANES, Mr. SASSER, Mr. ROCKEFELLER, and Mr. HEFLIN):

S. 370. A bill to amend the Land and Water Conservation Fund Act and the National Historic Preservation Act, to establish the American Heritage Trust, for purposes of enhancing the protection of the Nation's natural, historical, cultural, and outdoor recreational heritage, and for other purposes; to the Committee on Energy and Natural Resources.

AMERICAN HERITAGE TRUST ACT

Mr. CHAFEE. Mr. President, last March, Congressman MO UDALL and I introduced H.R. 4127 and S. 2199, the American Heritage Trust Act. The legislation is designed to implement many of the recommendations that were made by the President's Commission on Americans Outdoors.

As recommended by the President's Commission, the key feature of the Udall-Chafee bill is the proposal to establish a permanent, dedicated Federal fund that will produce $1 billion each year to help State and local communities preserve open space, historic sites, and recreational opportunities all across the country. The idea is to begin a national campaign to renew and improve the Land and Water Conservation Fund and the Historic Preservation Fund.

There should be no mistake about what we are proposing here. By launching a major, new effort to preserve our natural and historic heritage, we are embarking on a course of action that will be one of the most significant and ambitious environmental movements in a long, long time.

Prior to adjournment last October, our bill was cosponsored by 41 Senators and 235 Members of the House of Representatives. In addition, it was approved by the House Committee on Interior and Insular Affairs.

I have a fact sheet on the legislation, including a list of groups that support our bill, and ask unanimous consent that it be printed in the RECORD following my statement.

Today, Mr. President, I am pleased to reintroduce the American Heritage Trust Act. Joining me as original cosponsors of the bill are Senators GRAHAM, FOWLER, ADAMS, BINGAMAN, COCHRAN, CRANSTON, DASCHLE, DURENBERGER, HUMPHREY, JEFFORDS, KASTEN, KENNEDY, LIEBERMAN, METZENBAUM,

PELL, SARBANES, SASSER, ROCKEFELLER, and HEFLIN.

I ask unanimous consent that the text of the bill be printed in the RECORD following supporting statements and other related materials, including a summary of the legislation.

In short, this bill will convert the current Land and Water Conservation Fund [LWCF] and the Historic Preservation Fund [HPF] into a real trust fund. We do that by taking the current unappropriated balance of the funds, estimated to be $6.1 billion respectively, together with the existing flow of revenues—$900 million each year for the LWCF and $150 million each year for the HPF from, primarily, revenues generated by offshore oil and gas leases—and invest this money in government securities that generate interest each year.

Once funds have been added to the corpus of the trust, they stay there to earn interest. Once the corpus of the trust is large enough to yield $1 billion per year in interest for LWCF purposes and $250 million per year in interest for HPF purposes, the flow of revenues into the trust would stop.

In the meantime and in perpetuity, the interest from the trust would be automatically appropriated. After several years, the trust becomes self financing and no new government revenues are needed. In other words, by investing wisely now, we can endow a continuing legacy of our natural and cultural heritage.

I am excited about this new proposal and hope that it will start the ball rolling at the Federal level. As I said earlier, the idea is to begin a national campaign to renew and improve the Land and Water Conservation Fund and the Historic Preservation Fund.

It is worth noting that President Bush has already pledged to support the creation of a self-perpetuating trust fund based on the Land and Water Conservation Fund. To our new President I say "here it is." Take a look at this bill and let us get on with the task at hand. There are few things that would please me as much as working with the President and enacting this bill during this session of Congress.

Mr. President, this is a bold but responsible idea whose time has come. People care about preserving open space. They care deeply.

Time and time again we see State and local referenda on open space and historic preservation passing by huge margins. In the last few years, bond issues have passed in Rhode Island, Maine, New York, and Pennsylvania. The Massachusetts Legislature approved a $500 million bond issue for open space and recreation programs. Last year in California, voters approved a $776 million bond issue to preserve wetlands, wildlife habitat, and parkland.

Unfortunately, the Federal Government has been lagging behind. Over the past several years, we have been appropriating an average of less than $200 million under the Land and Water Conservation Fund and less than $30 million under the Historic Preservation Fund.

At the same time, all across the country, open space and public access to recreational opportunities are being threatened by urbanization and improper planning. Such destructive activities often adversely affect the quality of our rivers, lakes, and shorelines.

Just imagine how much we could do if State and local governments knew they could rely on a substantial level of matching Federal grants to buy land, to develop recreation facilities, or to preserve historic buildings. That is what this bill is about.

One of the more significant features of this bill is the fact that it recognizes the importance of historic preservation and the connection between historic preservation and controlling urban sprawl.

In recent years, we have seen a tremendous upsurge in historic preservation activities. The number of local historic preservation commissions increased from some 600 in the late 1970's to over 1,200 by 1986. Such renewed interest contributes significantly to the success of urban revitalization efforts which, in turn, help stem the tide of urban decay and the problem of businesses fleeing to the suburbs.

A 1985 study of four cities found that preservation was linked to a dramatic increase in physical renovation, the formation of new businesses, the stimulation of investment of private funds and lending, an increase in tourism, a decrease in crime, a significant rise in property values, and an overall improvement in the quality of life.

Opponents of this bill claim it is a budget buster. They say we cannot afford to revitalize the Land and Water Conservation Fund or the Historic Preservation Fund. That, Mr. President, is simply not true.

Listen to what the Congressional Budget Office concluded in the cost estimate prepared last year for H.R. 4127: After reviewing the relationship between outlays and interest income, the CBO stated that "such intragovernmental transfers have no net impact on the Federal budget." CBO went on to restate the conclusion that "creation of the Trust and the purchase of Federal debt securities would have no impact on the Federal budget."

Mr. President, the time has come to spark what Gov. Lamar Alexander of Tennessee, chairman of the President's Commission on Americans Outdoors, called a prairie fire of local creativity and activism to conserve the open spaces we care about and to develop the facilities we need. In an attempt to ignite that prairie fire, I am proud to offer this legislation and I urge all of my colleagues to join this important movement as cosponsors of this bill.

Mr. President, I ask unanimous consent that the text of the bill, a summary, and supporting material be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 370

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "American Heritage Trust Act of 1989".

SEC. 2. FINDINGS, PURPOSE, AND POLICY.

(a) FINDINGS.—The Congress finds that:

(1) The United States is a world leader in the protection of natural, historic, cultural, and outdoor recreational heritage and needs to continue to set an example of progressive stewardship of these resources.

(2) The natural, historic, cultural, and outdoor recreational resources of the United States represent the great and diverse character of the Nation, and these resources must be guarded, preserved, and wisely managed so they may be passed on to future generations.

(3) The continuing growth of population, especially in suburban and new urban areas, and advances in technology frequently combine to undermine the quantity and quality of natural, cultural, and historic resources. These areas are in need of open space acquisition to enhance the quality of life.

(4) The United States needs to demonstrate by its own policies and actions the pressing need to assure the global sustainability of species diversity and healthful functioning of natural systems which support all life on the planet.

(5) As we liquidate our nonrenewable resource capital assets, we should commit the proceeds to investment in other enduring capital assets to sustain the quality of life and economic opportunity for future generations.

(6) There is great need and opportunity for all levels of government and the private sector to rededicate themselves to the preservation of our resources heritage, in order to provide heightened long term economic viability and to enhance the quality of life for all our Nation's citizens of present and future generations.

(b) PURPOSE.—It is the purpose of this Act to strengthen existing mechanisms for, and provide a renewed dedication to, ensuring significantly enhanced protection and public enjoyment of our Nation's heritage, in perpetuity.

(c) POLICY.—It is hereby declared to be the policy of the United States to be a world exemplar of national heritage stewardship. To advance the achievement of such objective, the President shall submit to the Congress on October 1 1990, 1994, and 1998, a comprehensive program to be pursued in support of this policy.

TITLE I—AMERICAN HERITAGE TRUST

SEC. 101. CREATION OF TRUST.

There is hereby established the American Heritage Trust, to be comprised of the Land and Water Conservation Fund and the His-

toric Preservation Fund. The trust shall constitute a principal mechanism for funding the safeguarding of important elements of America's natural, historical, cultural, and outdoor recreational heritage, and providing for its use and enjoyment by the public.

TITLE II—LAND AND WATER CONSERVATION FUND

SEC. 201. AMENDMENT OF ACT.

The Land and Water Conservation Fund Act (16 U.S.C. 4601-44 and following) is amended as provided in this title.

SEC. 202. FUND INCOME.

Section 2 is amended by striking out the proviso at the end of subsection (c)(2) and by adding the following new subsection at the end thereof:

"(d) TERMINATION OF TRANSFERS TO FUND.—When the balance of the fund reaches 3.5 times the balance existing in the fund as of the date of enactment of the American Heritage Trust Act of 1989, no additional amount shall be covered into the fund annually under subsection (a), (b), or (c) of this section.

SEC. 203. INTEREST.

Section 2 is amended by adding the following new subsection at the end thereof:

"(e) INTEREST.—Effective on the date of enactment of the American Heritage Trust Act of 1989, it shall be the duty of the Secretary of the Treasury to invest such portion of the fund as is not required to meet current withdrawals. Such investments shall be in public debt securities with maturities suitable for the needs of such fund and bearing interest at rates determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities. The income on such investments shall be credited to, and form a part of, such fund, except to the extent that such income exceeds the sum of (1) $1,000,000,000 plus (2) the amount determined by the Secretary of the Treasury to be necessary to offset the fund's annual loss in value due to inflation. Such excess income shall be credited to the General Fund of the Treasury.".

SEC. 204. EXPENDITURES FROM FUND.

Section 3 is amended to read as follows:

"SEC. 3. APPROPRIATIONS.

(a) FUND RECEIPTS AND INTEREST.—(1) Amounts covered into the fund as provided in subsections (a), (b), and (c) of section 2 in any fiscal year are authorized to be appropriated in the following fiscal year to carry out the purposes of this Act.

"(2) In addition to the amounts made available under paragraph (1), interest accruing to the fund as provided in section 2(e) in any fiscal year shall be available for obligation for expenditure in the following fiscal year, without further appropriation, to carry out the purposes of this Act. From amounts available under this paragraph not more than the following sums may be obligated in fiscal years 1990 and thereafter:

Obligation limitation	*Fiscal year*
$500,000,000	1990
$600,000,000	1991
$700,000,000	1992
$800,000,000	1993
$900,000,000	1994
$1,000,000,000	After 1994

"(b) PERMANENT FUND.—Amounts credited to the fund in fiscal years beginning before the enactment of the American Heritage Trust Act of 1989 but not appropriated or expended before the end of the first fiscal year beginning after the enactment of that Act shall remain permanently in the fund and may not be obligated or expended for any purpose. If any portion of the total amount annually covered into the fund in any fiscal year beginning after the enactment of such Act under subsection (a), (b), or (c) of section 2 or from any other source is not appropriated in the following fiscal year (in the case of amounts referred to in subsection (a)(1)) or obligated in such following fiscal year (in the case of funds made available under subsection (a)(2)), that portion shall also remain permanently in the fund and may not be obligated or expended for any purpose.

"(c) AUTHORITY FOR OBLIGATION OR EXPENDITURE.—Moneys made available for obligation or expenditure from the fund or from the special accounts established under section 4(i)(2) may be obligated or expended only as provided for in this Act.".

SEC. 205. ALLOCATION OF FUNDS.

The Second sentence of section 5 is amended to read as follows: "Amounts available for obligation or expenditure from the fund in any fiscal year pursuant to paragraph (1) and (2) of section 3(a) shall be allocated in that year as follows: at least 30 percent for Federal purposes, at least 30 percent for State purposes (other than State trusts under section 6(j)), at least 10 percent for Urban Park and Recreation Recovery Act purposes (title X of Public Law 95-625), and during the 10-fiscal year period beginning October 1, 1991, at least 10 percent for State trusts under section 6(j). The remainder shall be allocated for any of such purposes or any combination thereof.".

SEC. 206. FINANCIAL ASSISTANCE TO STATES.

(a) PASS THROUGH TO LOCAL ENTITIES.—In section 6(a), at the end of the first sentence, add the following: "Absent some compelling and annually documented reason to the contrary acceptable to the Secretary, each State (other than an area treated as a State under section 6(b)(5)) shall make available as grants to local governments and other qualifying recipients, at least one-half of the average annual State apportionment, or an equivalent amount made available from other sources.".

(b) MAXIMUM POTENTIAL APPORTIONMENT AND PROJECT LISTS.—Section 6(b) is amended by adding the following new paragraphs at the end thereof:

"(6) Annually on April 1, the Secretary shall notify each State of a potential apportionment (calculated as the average of the last 3 years of apportionments) it could receive for the fiscal year beginning on October 1 of the following year. In order to receive any apportionment for the fiscal year concerned, the Governor of each State must submit to the Secretary a statewide listing of potential projects likely to be funded based on no less than 150 percent of such protental apportionment. The statewide listing shall be submitted not later than January 1 following the April 1 date of such notification by the Secretary. Such listing shall not indicate priorities. It shall be comprised of specific named projects, by county of location, with associated estimated dollar totals by county. The development of such county lists must incorporate ample opportunity for public participation in accordance with the provisions of subsection (d). The Secretary shall transmit by no later than February 1 a compilation of such annual lists for all States to the authorizing and appropriation committees of the United States House of Representatives and the United States Senate which have jurisdiction over the fund.

"(7) CONTRIBUTIONS BY PRIVATE OR NONPROFIT ORGANIZATIONS OR SOURCES.—5 percent of the funds apportioned in each State for each fiscal year shall be used only for purposes of projects in which not less than 10 percent of the State or local share of the project cost is provided by private or nonprofit organizations or sources. Any portion of such 5 percent not paid or obligated in such fiscal year whall be reapportioned in the same manner as provided in paragraph (4) of this subsection.".

(c) MATCHING REQUIREMENTS.—In the first sentence of section 6(c), change the period to a comma and add the following: "except as otherwise provided in this subsection and subsection (h). Payments to States may cover not more than 75 percent of the cost of acquisition of lands, waters, and interests therein which (1) are within the boundaries of units of the Wild and Scenic Rivers System or, (2) are within designated corridors of scenic or historic trail components of the National Trails System, or (3) have been designated by the Secretary of the Interior as national historic landmarks or national natural landmarks.".

(d) RESOURCE INVENTORIES.—In section 6(d)(2) before the semicolon insert ", based on the development of detailed, comprehensive, and continually updated resource inventories".

(e) PRIVATE NONPROFIT ORGANIZATIONS.—Paragraph (2) of section 6(f) is amended by striking out the period at the end thereof and inserting the following: ", including private, nonprofit organizations, and funds may also be transferred from political subdivision or other appropriate public agencies to private nonprofit organizations, if such private nonprofit organizations (1) meet and comply with such guidelines for the receipt and use of such funds as may be prescribed by the Secretary, including providing full accountability for the use of such funds, and (2) utilize such funds only in association with the acquisition of lands, the development of facilities, or for programs related to planning and coordination functions, all as approved in writing by the funds grantor. No such funds may be used by a private nonprofit organization for administrative expenses. In the case of the utilization of such funds for acquisition, the recipient organization shall itself hold, or shall convey in perpetuity in a timely manner, such interest as it may have to be appropriate recipient, as determined to be appropriate by the funds grantor, for public benefit. It is the intent of Congress that such grants received and utilized by private nonprofit organizations will result in a greater public benefit from such expenditure than would the utilization of those same funds by governmental entities. For purposes of this paragraph, the term 'private nonprofit organization' means an organization qualified for exemption from income taxes under section 501(c)(3) of the Internal Revenue Code of 1986 which includes among it purposes the conservation of open space or the providing of, or enhancement or protection of, outdoor recreation opportunities.".

(f) ADDITIONAL PROVISIONS.—Section 6 is amended by adding the following new subsections at the end thereof:

"(h) LOCAL PLANNING ASSISTANCE.—Notwithstanding the provisions of subsection (c), any county or other political subdivision of a State which is qualified to be a recipient of funds from this Act for acquisition purposes, may receive for a period terminat-

ing 5 years after the enactment of the American Heritage Trust Act of 1989, funds to cover not more than 50 percent of the cost of developing a local plan, or revising an existing plan, to retain land for recreation and conservation purposes. Such plan shall address specific needs and priorities for land conservation and recreation development. Such plan shall be developed or revised by providing ample opportunity for public participation in accordance with the provisions of subsection (d). Following official adoption of such plan and through September 30, 1996, such county or other governmental entity may receive funds to cover not more than 60 percent of the cost of the acquisition of lands, waters or interests therein in accordance with the provisions of such officially adopted plan. The Secretary of the Interior shall promulgate regulations specifying what characteristics shall qualify a plan as eligible for assistance under this subsection and defining the cooperative relationship that should exist between local plans and comprehensive State plans provided for in subsection (d).

"(i) URBAN PARK AND RECREATION RECOVERY PROGRAM.—Such funds as are indicated in section 5 for allocation to the Urban Park and Recreation Recovery program shall be made available to the Secretary for utilization to the extent authorized in accordance with the provisions of the Urban Park and Recreation Recovery Act of 1978 (title X of Public Law 95-625).

"(j) STATE TRUSTS.—

"(1) USE OF FUNDS.—During the 10-fiscal year period beginning October 1, 1991, amounts made available under section 5 of State trusts shall be used for the sole purpose of incorporation into a State legislatively established trust corpus. Such corpus shall be permanently unavailable to appropriation or expenditure for any purpose and must be prudently invested.

That portion of the interest derived from the investment of Federal and State matching funds may be utilized by the State only for projects related to the purposes of the Land and Water Conservation Fund or the Urban Parks and Recreation Recovery Act, including the preservation in perpetuity of open space (including farmland and forest land) where such preservation is—

"(A) for the scenic enjoyment of the general public, or

"(B) pursuant to a clearly delineated Federal, State, or local governmental conservation policy,

and will yield a significant public benefit. In selecting projects for funding under this subsection, the States are encouraged to pursue the preservation of open space within or near urban and suburban areas. No part of such interest may be used to satisfy any other matching funds requirement contained in this or any other Act. The Secretary shall promulgate regulations to govern the administration of the provisions of this subsection. Violation by a State recipient of any part of this subsection or of the governing regulations promulgated by the Secretary shall constitute reason for disqualification for any future receipt of matching funds provided pursuant to this subsection.

"(2) ALLOCATION AMONG STATES.—Amounts made available under section 5 for State trusts shall be allocated among the States in the same manner as the apportionment of funds under subsection (b) of this section.

(3) MATCHING FUNDS REQUIREMENT.—Amounts made available under section 5 for State trusts shall be available to each State, only to the extent annually matched dollar for dollar with nonfederal funds. Amounts available to the States under section 5 for State trusts which are not so matched in any year shall remain permanently in the fund in accordance with section 3(b).".

SEC. 207. ALLOCATION OF MONEYS FOR FEDERAL PURPOSES.

Section 7 is amended by adding the following new subsections at the end thereof:

"(d) ACQUISITION PRIORITIES.—The head of each agency having jurisdiction over public lands which are eligible to receive funds from this Act shall develop and transmit to the relevant authorizing and appropriation committees of the United States House of Representatives and the United States Senate by October 1 of each year, a detailed and comprehensive land acquisition priority list, by indicated management units or programs or both. Each agency priority list shall comprise a funding level of not less than 150 percent of the average of the 3 previous years' appropriations authorized under this Act, for such agency. Priorities shall be based on such factors as important or special attributes of the resource, threat to resource integrity, timely availability, owner hardship, cost escalation, public recreation use values and similar considerations. An explanation of the criteria utilized for the development of such list shall be included.".

SEC. 208. REPEAL OF PUBLICITY AND SIGNING PROVISIONS.

Section 8 is repealed.

TITLE III—HISTORIC PRESERVATION FUND

SEC. 301. AMENDMENT OF NATIONAL HISTORIC PRESERVATION ACT

The National Historic Preservation Act (16 U.S.C. 4501-4 and following) is amended as provided in this title.

SEC. 302. EXTENSION OF HISTORIC PRESERVATION FUND.

Section 108 is amended by inserting "(a)" after "SEC. 108." and changing "1992" to "2015".

SEC. 303. INCOME AND EXPENDITURES.

Section 108 is amended by striking out the last sentence thereof and by adding the following new subsections:

"(b) When the balance of the fund reaches an amount equal to 5 times the balance existing in the fund as of the enactment of the American Heritage Trust Act of 1989, no additional amount shall be covered into the fund annually under subsection (a) of this section except to the extent determined by the Secretary of the Treasury to be necessary to offset the fund's annual loss in value due to inflation.

"(c) Effective on the enactment of the American Heritage Trust Act of 1989, it shall be the duty of the Secretary of the Treasury to invest such portion of the fund as is not required to meet current withdrawals. Such investments shall be in public debt securities with maturities suitable for the needs of such fund and bearing interest at rates determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities. The income of such investments shall be credited to, and form a part of, such fund.

"(d)(1) Amounts covered into the fund as provided in subsection (a) in any fiscal year are authorized to be appropriated in the following fiscal year to carry out the purposes of this Act.

"(2) Interest accruing to the fund as provided in subsection (c) in any fiscal year shall be available for obligation or expenditure in the following fiscal year without further appropriation, subject to obligation limitations, to carry out the purposes of this Act.

"(3) At least 30 percent of the funds made available under subsections (d)(1) and (d)(2) shall be used for the preservation of properties as provided for in section 101(d)(1), section 101(d)(3) and section 104 of this Act.

"(e) Amounts covered into the fund in fiscal years beginning before the enactment of the American Heritage Trust Act of 1988 but not expended before the end of the first fiscal year beginning after such enactment shall remain permanently in the fund and may not be obligated or expended for any purpose. If any portion of the total amount annually covered into the fund under subsection (a) or from any other source in any fiscal year beginning after the enactment of such Act is not appropriated in the following fiscal year (in the case of amounts referred to in subsection (d)(1)) or obligated in such following fiscal year (in the case of amounts referred to in subsection (d)(2)), that portion shall also remain permanently in the fund and may not be obligated or expended for any purpose.".

SEC. 304. ALLOCATION OF GRANTS.

Section 101(d) is amended by adding a new paragraph as follows:

"(4) In addition to any other purposes set forth in this subsection not more than 10 percent of the amounts made available to States under this subsection pursuant to section 108(d)(2) may also be used, to the extent annually matched dollar for dollar, for the sole purpose of incorporation into a State legislatively established trust corpus. Such corpus shall be permanently unavailable to appropriation or expenditure for any purpose and must be prudently invested. That portion of the interest derived from such investment of Federal and State matching funds may be utilized by the State only for projects similar to those for which Historic Preservation Fund moneys are eligible to be used. No part of any such interest may be used to satisfy any matching requirement under this or any other Act. The Secretary shall promulgate regulations to govern the administration of the provisions of this subsection. Violation by a State recipient of any part of this subsection or of the governing regulations promulgated by the Secretary shall constitute reason for disqualification for any future receipt of matching funds provided pursuant to this subsection. Any portion of the 10 percent made available in any fiscal year for purposes of this paragraph which is not used in that fiscal year for such purposes shall be available in subsequent fiscal years for purposes of assistance to States under this subsection.".

TITLE IV—MISCELLANEOUS PROVISIONS

SEC. 402. SIGNING.

(a) STANDARD SIGNS.—Where not inconsistent with applicable law or regulations, the administrator or owner of any site benefiting from moneys derived from the American Heritage Trust shall install at or near an appropriate entrance or public use focal point, permanent standardized signing indicating that the site's existence or development, or both, is a product of funding derived from the American Heritage Trust. If additional moneys from the trust are thereafter expended on the same site or project, tempo-

rary signing shall be added to the permanent signing to indicate the amount and nature of the additional assistance. The Secretary of the Interior shall provide for the design of standardized signs and shall prescribe standards and guidelines for the application of such signing. Such standards and guidelines shall indicate those circumstances when the requirements of this section may be waived in whole or in part if the placing of signs would be inappropriate or would create a risk of harm to the site or the natural or cultural resources located on or within the site. Nothing in this section shall permit or require the placing of signs at any site where such placement would be prohibited or restricted by any other applicable law or regulations.

(b) DESIGN CONTEST.—The Secretary of the Interior shall provide for the conduct of, and shall conclude within 18 months of the date of enactment of this Act, a voluntary contest for children enrolled in elementary or secondary schools for the design of a symbol to represent the American Heritage Trust for use related to the signing provision of subsection (a). The Secretary shall establish guidelines for the broad participation by children throughout the nation. Following selection of the winning design the Secretary may make such modifications or refinements in the design as he deems appropriate for purposes of subsection (a). The Secretary of the Interior may utilize funds appropriated for Federal purposes from the Land and Water Conservation Fund for the conduct of such contest, and shall provide for appropriate recognition of, and awards for, the contest winner and runners-up. No Federal funds shall be available for direct monetary awards for the contest winner or runners-up.

SUMMARY OF THE AMERICAN HERITAGE TRUST ACT OF 1989

Creates a new umbrella mechanism to embrace the continued operation of the Land and Water Conservation Fund (LWCF) and the Historic Preservation Fund (HPF).

New American Heritage Trust will automatically receive the unappropriated balance of LWCF ($6 billion) and HPF ($1 billion) and, on an annual basis, any of the $1.05 billion in OCS revenues that are not appropriated to LWCF or HPF (in recent years, LWCF appropriations from the $900 million annual authorization have averaged less than $200 million per year and HPF appropriations have averaged approx. $25 million of the $150 million annual authorization).

Flow of OCS revenues (other than revenues needed to offset inflation) will cease when balance of LWCF reaches 3.5 times current balance (the amount needed to produce approx. $1 billion per year in interest i.e. approx. $24 billion if earning 5% interest) and when balance of HPF reaches 5 times current balance (i.e. approx. $5 billion yielding $250 million per year in interest if earning 5% interest).

Trust fund to be invested in interest bearing government securities, interest earned to be appropriated automatically with Congressional control over federal projects and 20% of LWCF.

LWCF appropriations: currently averaging less than $200 million; goal is to produce $1 billion per year; during build-up of corpus, in addition to regular appropriations, automatic appropriation of interest earned may be as much as $500 million in year 1 (1990), $600 million in year 2 ('91), $700 million in year 3 ('92), $800 million in year 4 ('93), $900 million in year 5 ('94), and $1 billion in year 6 and after ('95). Actual amount will depend on interest rates and amount of regular appropriations.

HPF appropriations: currently averaging approx. $25 million; in addition to regular appropriations, automatic appropriation of interest earned in year one (assuming 5% interest) will be $50 million, escalating as corpus grows to a level of $250 million per year. Actual amount will depend on interest rates and amount of regular appropriations.

Allocation of LWCF moneys: at least 30% federal, 30% State grants (with 50% pass through to local governments and nonprofits), 10% to Urban Parks and Recreation Act, and for 10 years, 10% for State legislatively created trust funds modeled after this one.

State allocation of LWCF moneys: uses current formula with approx. 30% equally divided and balance distributed on basis of population and need, with cap of no more than 10% going to any one state; continues current 50/50 match requirement, allows 75 federal/25 state match for acquisition of nationally significant areas, authorizes for 3 years a 50/50 match for local planning and, for 8 years, 60 federal/40 state-local match for acquisition in accordance with local plans.

Allocation of HPF moneys: all except small % of funds go to State grants on basis of need, there is no formula. Continues current 50/50 match requirement and 70 federal/30 state match for surveys or inventories. up to 10% may be set aside to match State legislatively created trusts modeled after this one.

SAVING AMERICA'S HERITAGE

H.R. 4127, S. 2199 AND THE FUTURE OF THE CONSERVATION FUNDS

A quarter century ago, growing concerns about the loss of America's natural and historic heritage, increasing recreation demand, rapid population change and burgeoning urban development led Congress to create two of the nation's most far-sighted and successful environmental programs:

1. The Land and Water Conservation Fund (LWCF) was intended to provide a predictable and steady source of monies for critical acquisitions in national parks, forests, recreation and wildlife areas, and matching grants to states and localities for recreation planning acquisition and development and protection of open space.

2. The Historic Preservation Fund (HPF), created a few years later on the LWCF model and was to help states and communities identify, plan for, protect and restore unique historic resources.

REINVESTING OUR NATURAL CAPITAL: PROMISE AND PERFORMANCE

One of the Fund's most innovative features was the idea of reinvesting some of the returns from liquidation of America's natural resources into long-term capital assets. The laws provide that most appropriations for the two Funds should come from receipts from Outer Continental Shelf Oil and gas leasing and from sales of surplus federal real estate. This process blends the best features of fiscal and natural resources stewardship, joining the investment principle of "never consuming capital" with the conservation ethic of always returning to the land something of what we remove. The Land and Water Conservation Fund now automatically receives up to $900 million a year in such revenues and the Historic Preservation Fund receives $150 million a year. Under current law, however, these commitments are more a promise to present and future generations than a working reality.

Through the 1970's, there was firm, bipartisan support for that promise; appropriations varied from year to year, but the long-term commitment to appropriate all authorized funds continued. Since 1980, that commitment has seriously deterioriated. LWCF appropriations have declined from an annual peak of $805 million to an average of less than $20 million a year; funding for the eight most recent years totals less than 90 percent of the total for the three years, 1978-1980.

HPF grant appropriations have averaged under $30 million a year; substantial funding for physical restoration of historic sites has been available only once in this decade. As a result, authorized but unappropriated "credits" to LWCF and HPF have increased twenty-fold, from just over $300 million to more than $7 billion, and federal, state and local agencies that once planned to reinvest the larger amounts now doubt that the promise will ever be fulfilled.

WHAT WILL H.R. 4127 AND S. 2199 DO?

In March, Representative Morris Udall, a key sponsor of original LWCF and HPF legislation, introduced H.R. 4127, a bill to restore the promise of these programs. Subsequently, Senators Chafee, Baucus, Fowler and Graham introduced S. 2199, an identical Senate bill. The American Heritage Trust Act would not increase authorized funding levels. Rather, it would create a better funding mechanism that would ensure, over several years, a return to the original funding commitments by creating a self-perpetuating Trust. The AHT Act will:

Create permanent Trust accounts for LWCF and HPF with principals that cannot be used for other purposes.

Require the Secretary of the Treasury to invest all authorized but unappropriated balances to date for the LWCF and HPF into interest-bearing public debt securities. The $900 million per year in revenues deposited annually into LWCF and the $150 million into HPF would be invested in the same way.

Annual deposits and interest for both Funds would be available for appropriation in the following fiscal year. Any amounts not appropriated in a given year would automatically become a permanent part of the interest-bearing Trust principal.

Annual LWCF appropriations would be distributed as follows: at least 30 percent for state and local acquisitions; 10 percent for special matching monies to serve as principal for states to establish parallel heritage trusts; and 10 percent for the purposes of the Urban Park and Recreation Recovery Act. The remaining 20 percent could be used for any of these four purposes. Ten percent of HPF appropriations would also be devoted to helping establish state historic preservation trusts.

To encourage volunteer contributions, five percent of each state's LWCF grants would have to be partially matched by private or non-profit donations. Qualified, private-nonprofit groups like local land trusts would also be eligible for grants under certain conditions.

A 75 percent match would be available from LWCF for state or local land acquisitions involving nationally recognized wild or scenic rivers, trails or landmarks.

LWCF matching grants would be available for three years to help counties and other localities prepare land conservation and

recreation plans. High priority land acquisitions identified in such plans could receive a 60 percent match for an eight-year period.

Federal land agencies would have to submit lists of priority lands for LWCF acquisition of Congress each year. States would submit yearly lists of grant proposals based on current state and local action lists and their likely annual shares of LWCF appropriations.

The growth of the Funds would be capped at four times (for LWCF) and five times (for HPF) the balances existing on the date of enactment of the American Heritage Trust. After that, the Funds would be self-sustaining. Appropriations would be from interest only and Trust principal would grow annually only by amounts sufficient to offset inflation.

HOW CAN A TRUST FUND BE JUSTIFIED?

By any measure, the Fund programs have been enormously successful. Some accomplishments:

A recently-published, county-by-county list of local, state and federal LWCF projects fills 466 pages!

These projects have helped to acquire 5.5 millions acres of recreation and park lands, including seashores, lakeshores, critical habitats, scenic rivers and trails.

Fund grant programs have helped all states to establish their own historic preservation and recreation plans, to identify and protect key natural, historic and archeological resources and to expand state park, forest, wildlife refuge, river and trial systems.

LWCF grants have helped develop almost 20,000 local park facilities to meet demands for close-to-home recreation opportunities.

HPF grants have helped state to identify and profect historic and archeological resources and to restore over 6,000 historic sites.

The "federal side of the LWCF financed expansion of the national parks from an almost exclusively western domain to a truly national system. It converted inaccessible inholdings in may eastern national forests to major recreation areas and acquired thousands of acres of endrangered species habit.

LWCF and HPF matching grants of 50 percents prompted localities and states for double the federal investment to a total of almost $7 billion.

Beyond these matching amounts, the example of federal commitments encouraged more than half the states and thousands of communities to invest billions more in recreation, natural and historic resources.

ARE THESE PROGRAMS STILL NECESSARY?

If the problems that prompted the establishment of LWCF and HPF had been mostly solved, further commitments would be unneccessary. Unfortunately those problems have not gone away. Despite the substantial accomplishments of the Funds, needs for capital investment in recreation, conservation and historic preservation are greater than ever.

Loss of key natural and historic resources continues at an alarming pace. After some slowdowns in the early 1980's a new boom in urban and rural development is underway. It is consuming almost 500,000 acres of wetlands yearly, along with 750,000 acres of farm and forest.

The Surgeon General calls for development of more public recreation facilities to promote fitness activities and reduce health costs that now equal 11 percent of our Gross National Product. The list of lost historic and archeological resources grows longer each year. Older parks in many states and communities have deteriorated landscapes and facilities that need major repair or replacement.

We have a better idea now than 25 years ago of what opportunities are lacking and what resources need protection. But the prices of land, facility development and restoration have also risen, and lack of money continues to be the major barrier to doing what we know should be done. The National Park Service alone reports a current backlog of $2 billion in authorized land purchases within park boundaries. For the last five years, states have reported applications averaging more than $400 million a year for LWCF grants. Ignoring these needs will not make them go away. Delaying action will mean the permanent loss of irreplaceable resources and increased costs in the future. We must invest now in these appreciating capital assets.

WHO SUPPORTS THE HERITAGE TRUST ACT?

A large coalition of public interest organizations applauds the American Heritage Trust idea embodied in H.R. 4127 and S. 2199. These groups urge congressional enactment of this legislation in 1988:

American Fisheries Society.
American Hiking Society.
American Rivers.
American Society of Landscape Architects.
Bicycle Federation of America.
Coalition for Scenic Beauty.
Coalition for Urban Parks & Recreation.
The Conservation Foundation.
Defenders of Wildlife.
Environmental Defense Fund.
Environmental Policy Institute.
Friends of the Earth.
The Garden Club of America.
Human Environment Center.
Humane Society of the United States.
Izaak Walton League of America, Inc.
Land Conservation Fund of America.
Land Trust Exchange.
Lighthouse Preservation Society.
National Audubon Society.
Nat. Assoc. of State Outdoor Rec. Liaison Officers.
National Conf. of State Historic Pres. Officers.
National Parks & Conservation Association.
National Recreation & Park Association.
National Trust for Historic Preservation.
National Wildlife Federation.
Natural Resources Defense Council.
The Nature Conservancy.
Preservation Action.
Rails-to-Trails Conservancy.
Society for American Archaeology.
Sport Fishing Institute.
Trout Unlimited.
Trust for Public Lands.
The Walkways Center.
The Wilderness Society.
The Wildlife Society.
World Wildlife Fund.

COSPONSORSHIP OF THE "AMERICAN HERITAGE TRUST ACT OF 1989"

Mr. GRAHAM. Mr. President, I am pleased to have joined my distinguished colleague from Rhode Island, Senator CHAFEE, as an original cosponsor of the American Heritage Trust Act of 1989. The land and water conservation fund has not met the needs of public land acquisition to date. It has become evident that a new means of assuring funding is imperative to even begin chipping away at their long list of priority lands that necessitate and deserve public acquisition.

The beauty of the American Heritage Trust Fund fashioned by Senator CHAFEE is that it is permanent, and interest accrued on the fund would be available without further appropriation. In recent years, the administration has continually requested minute amounts to be appropriated from the land and water conservation fund in its annual budget submitted to Congress. Congress has responded by appropriating more than requested, but not nearly enough to protect our environmentally sensitive and historically significant lands.

There currently exists a long list of priority lands awaiting acquisition under the land and water conservation fund. The estimated cost of these lands at today's value comes to $825 million. In fiscal year 1986, a total of $4.6 million was available in the fund. However, a mere $168,000 was appropriated from the fund for land acquisition.

We in Florida have several priority acquisitions on the list, including the Key Deer Wildlife Refuge and Fakahatchee Strand, among others. Most of these priority lands are habitat for endangered species, such as the Florida panther, key deer, crocodile, and the whooping crane—to name a few.

In an effort to illustrate the numerous worthy projects that have been funded in my State alone through the land and water conservation fund, I am submitting for the record a list of Florida lands that have been acquired through 1987. Other States' lists are similarly impressive, and I ask unanimous consent that the list be printed in the RECORD.

We are not advocating frivolous public acquisition of land. Instead, we are recognizing the real need to protect—and provide buffers around—environmentally sensitive and historically significant tracts. We are referring to habitat protection, to preservation of species, to preservation of history, to protection and often restoration of ecological systems, to conservation of open space, and to provision of recreational areas.

Our work is far from complete. This bill offers us a chance to continue bringing sensitive historic and recreational land into the public system for preservation, protection and enjoyment for generations to come. A trust fund exists; we are merely working to make the trust fund available for the purposes intended, while retaining a corpus which can be used to offset the deficit.

I encourage my colleagues' support in cosponsoring and ultimately approving this worthy legislation. I commend my colleague from Rhode Island for his efforts in developing this excellent piece of work.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

FLORIDA

Project title	Sponsor	Amount
County: Alachua—District 6:		
Marjorie Kinnan Rawlings Park.	Alachua County	$17,489.50
Morningside Park Nature Center.	City of Gainesville	24,000.00
Paynes Prairie	City of Gainesville	2,624,909.50
Poe Springs	Alachua County	195,725.00
Yolinggreen Park/ Alachua Rec. Cntr.	City of Alachua	75,851.62
Glen Springs	City of Gainesville	.00
Santa Fe River Park	Alachua County	149,996.54
County total		3,087,972.16
County: Bay City—District 1: Bay N Millvile-Joe Har Comk.	City of Panama City	29,195.25
County: Brevard—District 11:		
Ocean Park/Paradise Beach.	Brevard County	105,000.00
Ocean Park/Paradise Beach.	Brevard County	30,000.00
Spessard Holland Park	Brevard County	100,000.00
Cocoa Beach Park	Brevard County	428,825.00
Jetty Park	Brevard County	249,829.00
Den Lake Park	City of Indian Harbor Beach	186,000.00
Sand Point Park	City of Titusville	82,032.83
16th Street Park	Brevard County	174,835.93
St. John's National Wildlife Refuge.	Fish and Wildlife Service	2,918,217.00
Canaveral National Site	National Park Service	5,814,606.00
Cherie Down Park	Brevard County	101,250.00
County total		10,190,595.76
County: Broward—District: 14–18:		
Markham Park Acquisition.	Broward County	33,450.20
Robert Markham County Park.	Broward County	50,000.00
Markham Park Phase II	Broward County	83,778.00
Topeekeegee Yugnee Park I.	Topeekeegee Lungee Pk Dist. Co.	364,000.00
Hollywood WTRG Pk-Holnd Bt Pk.	City of Hollywood	321,430.00
Pompano Beach Park	City of Pompano Beach	54,800.00
Snyder Park	City of Ft. Lauderdale	138,809.00
Topeekeegee Yugnee Park II.	Topeekeegee Lungee Pk Dist Co.	312,904.50
Markham Park III	Broward County	100,000.00
Topeekeegee Yugnee Park Addition.	Topeekeegee Lungee Pk Dist. Co.	221,000.00
Snyder Park II	City of Ft Lauderdale	199,000.00
Secret Woods	Broward County	250,600.00
Holland Boat Pk Acquisition.	City of Hollywood	65,375.00
Topeekeegee Yugnee Park III.	Topeekeegee Lungee Pk Dist. Co.	157,500.00
Tradewinds County Park	Broward County	290,000.00
Holland Boat Pk Development.	City of Hollywood	345,126.75
Deerfield Beach Oceanfront Pk.	City of Deerfield	242,209.95
Peters Rd-Plantation Heritage Pk.	Broward County	906,399.00
C.B. Smith Park	Broward County	1,005,000.00
Ingalls Park	City of Hallandale	91,849.97
Royal Palm Park	City of Oakland Park	208,729.46
Snead Tract/Tree Tops Park.	Broward County	2,104,812.75
Azalea Park	City of Hollywood	297,827.25
Hollywood Beach Golf Course.	City of Hollywood	319,556.00
Bradley Airpt/Lk Lauderdale Pk.	Broward County	319,556.00
Cypress Park	City of Coral Springs	319,556.00
C.B. Smith Park	Broward County	147,958.49
Colohatchee Park Access.	City of Wilton Manors	.00
Cypress Hammock Park	City of Coral Springs	411,375.11
Bradley Airpt-Lk Lauderdale Pk.	Broward County	468,200.00
North Beach Park	Broward County	370,600.00
Tradewinds Park	Broward County	150,000.00
C–10 Canal/Stan Goldman Park.	City of Hollywood	93,000.00
N. Lauderdale Sports Complex.	City of N. Lauderdale	150,000.00
Seminole Park	City of Plantation	77,601.00

FLORIDA—Continued

Project title	Sponsor	Amount
Fern Glen Park	City of Coral Springs	132,695.57
County total		10,805,700.00
County: Charlotte—District: 13:		
Englewood Beach Addition.	Charlotte County	142,500.00
Englewood Beach Development.	Charlotte County	61,500.00
Stump Pass	Dept. of Natural Resources	561,000.00
County total		765,000.00
County: Citrus—District: 6:		
Crystal River National Wildlife Refuge.	Fish and Wildlife Service	483,500.00
Fort Island Gulf Beach	Citrus County	50,000.00
County total		533,500.00
County: Collier—District: 12, 13:		
Caxambas Pass Park	Collier County	21,840.00
Florida Panther	Fish and Wildlife Service	306,000.00
Big Cypress N Preserve	National Park Service	115,038,967.00
E. Naples Community Park.	Collier County	174,835.93
Everglades National Park.	National Park Service	290,827.00
County total		116,332,469.93
County: Columbia—District: 2: Columbia Aquatic Complex.	City of Lake City	289,000.00
County: Dade—District: 19 (Parts):		
Cape Florida State Recreation A.	Outdoor Recreation Council	1,250,000.00
Cape Florida State Rec. Area II.	Outdoor Recreation Council	1,000,000.00
Wainwright Park Acquisition.	City of Miami	600,000.00
Black Point Park	Dade County	60,500.00
Poinciana Rock Pit Park	Dade County	382,200.00
Wainwright Pk Acq II	City of Miami	55,000.00
North Shore Oceanfront Park.	City of Miami Beach	658,345.30
Wainwright Park Devl I	City of Miami	122,840.05
Black Point Park Phase II.	Dade County	550,000.00
Latin Community Riverfront Park.	City of Miami	247,250.00
Tropical Park	Metropolitan Dade County	683,353.70
Rolling Oaks Park	Dade County	325,925.87
Miami River Bicycle Trail.	City of Hialeah	353,250.37
Helker Tract-Bayshore Park.	City of North Miami	183,412.50
Amelia Earhart Park	Dade County	221,100.00
Arch Creek Park	Metropolitan Dade County	115,575.00
Youth Shore Park	City of Miami Beach	1,579,937.99
Thompson/Tamiami Parks.	Dade County	2,210,000.00
Blue Lagoon/Gen Antonio Maceo Park.	City of Miami	391,117.25
Beachfront Park	City of Miami Beach	1,445,921.05
Charles Hadley Park and Gibson Park.	City of Miami	583,418.12
Miami River Bicycle Trail.	City of Hialeah	139,333.59
Jose Marti Park	City of Miami	672,359.50
Amelia Earhart Park, II	Dade County	352,803.50
W Miami Rec Center Improv.	City of West Miami	38,468.00
Snake Creek Canal Park	City of North Miami Beach	143,135.61
Harris Field Park	City of Homestead	200,000.00
Black Point Pk Marina III.	Dade County	414,100.00
Tamiami Linear Park	City of Sweetwater	77,299.85
Southeast Park	City of Hialeah	99,874.82
Bayfront Park II	City of Miami	461,600.00
Biscayne National Park	National Park Service	29,707,625.00
Big Cypress N. Preserve	National Park Service	3,186,338.00
Enchanted Forest-Hummell Tract.	City of North Miami	140,917.76
Everglades National Park.	National Park Service	10,817,850.00
County total		59,965,852.83
County: Duval—District 3:		
Seminole Bch-Hanna Pk Acq.	City of Jacksonville	267,100.00
Hrvn Abbey Hanna Park	City of Jacksonville	600,000.00
St Johns Rvr-Metropol Pk.	City of Jacksonville	1,725,422.19
Hanna Park II	City of Jacksonville	318,316.25
Sisters Creek Park	City of Jacksonville	174,835.93
Mayport/Ocean Street Park.	City of Jacksonville	92,250.00
Ft. Caroline NMem	National Park Service	137,725.00
County total		3,315,649.37

FLORIDA—Continued

Project title	Sponsor	Amount
County: Escambia—District: 1:		
William Bartram Memorial Park.	City of Pensacola	119,250.00
Big Lagoon State Rec Area.	Dept. of Natural Resources	1,054,725.00
Gulf Island National Site	National Park Service	10,498,903.00
County total		11,672,878.00
County: Franklin—District: 2:		
St. George Island	Dept. of Natural Resources	562,500.00
St. George Island II	Dept. of Natural Resources	625,000.00
St. George Island III	Dept. of Natural Resources	625,000.00
County total		1,812,500.00
County: Gulf—District: 2: Alexandria City Park Development.	City of Alexandria	
County: Hamilton—District: 2: Suwannee River, Rec. Area.	Dept. of Natural Resources	37,500.00
County: Hernando—District: 6: Chassahowitzka National Wildlife Refuge.	Fish and Wildlife Service	183,000.00
County: Highlands—District: 12: Avon Pk Rec Area Improv.	City of Avon Park	7,746.52
County: Hillsborough—District: 7:		
Picnic Island Park	City of Tampa	97,735.50
Horizon Park	City of Tampa	70,000.00
E.G. Simmons Park	Hillsborough County	107,766.00
Picnic Island Bayside Center.	City of Tampa	100,000.00
Upper Tampa Bay Park	Hillsborough County	157,436.47
Fletcher Avenue Park	Hillsborough County	240,641.03
Alderman's Ford Park	Hillsborough County	169,597.32
Alderman's Ford Park Devel.	Hillsborough County	723,600.00
Fletcher Avenue Park Devel.	Hillsborough County	853,663.00
Rowlett Park	City of Tampa	98,000.00
Copeland Park Development.	City of Tampa	377,353.91
E.G. Simmons Park II	Hillsborough County	206,762.71
Brandon District Park	Hillsborough County	174,835.93
County total		3,377,391.87
County: Indian River—District: 11:		
Round Island Park	Indian River County	53,946.75
Kiwanis-Hobart Park	Indian River County	27,825.00
Kiwanis-Hobart Park Devel.	Indian River County	25,000.00
South Beach Expansion	City of Vero Beach and Indian River County.	125,000.00
South Beach Expansion II.	City of Vero Beach	375,000.00
South Beach Park Devel	City of Vero Beach	188,437.50
Humison Park	City of Vero Beach	63,500.00
County total		858,709.25
County: Lake—District: 6:		
Mt. Dora Swim Pool Renov.	City of Mount Dora	50,299.90
Hickory Point	Oklawaha Bsn. Recreation Authority.	124,995.00
Burleigh Park	City of Tavares	81,900.00
County total		257,194.90
County: Lee—District: 13:		
Sanibel Freshwater Recrean Are.	Dept. of Natural Resources	139,750.00
Carl Johnson Park	Lee County	128,264.50
Lakes Recreation Area	Lee County	644,205.00
Lake Kennedy Park	City of Cape Coral	37,000.00
Fort Myers Wharf/ Centennial Park.	City of Fort Myers	385,898.00
Ding Darling National Wildlife Refuge.	Fish and Wildlife Service	1,918,848.00
Pine Island National Wildlife Refuge.	Fish and Wildlife Service	1,034,000.00
Lynn Hall Park	Lee County	100,000.00
County total		4,387,965.50
County: Leon—District: 2:		
Lake Ella Park	Leon County	143,212.50
Northwest/San Luis Mission Park.	City of Tallahassee	319,556.00
A.J. Henry Park	City of Tallahassee	174,835.87
County total		637,604.37
County: Levy—District: 2:		
Blue Springs Recreation Area.	Levy County	11,300.00
Cedar Keys National Wildlife Refuge.	Fish and Wildlife Service	718,690.00
Lower Suwanee National Wildlife Refuge.	Fish and Wildlife Service	8,310,867.00

FLORIDA—Continued

Project title	Sponsor	Amount
Waccasassa Bay	Dept. of Natural Resources	850,000.00
County total		9,890,857.00
County: Manatee—District: 10:		
Bradenton Waterfront Park.	City of Bradenton	137,711.13
Bradenton Waterfront Park/Phase I.	City of Bradenton	300,000.00
Bradenton Recreation Complex.	City of Bradenton	174,835.93
Rye Wilderness Park	Manatee County	150,000.00
Riverside Park	City of Palmetto	57,040.00
County total		819,587.06
County: Marion—District: 6: Tom's Park/Clyatt Park.	City of Ocala	31,703.59
County: Martin—District: 12: Rocky Point Tropical Hammoc.	Martin County	52,873.27
County: Monroe—District: 19 (Parts):		
Crocodile Lake National Wildlife Refuge.	Fish and Wildlife Service	13,015,510.00
Great White Heron National Wildlife Refuge.	Fish and Wildlife Service	3,623,518.00
National Key Deer	Fish and Wildlife Service	9,774,066.00
Big Cypress N Preserve	National Park Service	34,814,588.00
Key Largo Waterway Extensions.	Monroe County	8,250.00
Sombrero Beach	Monroe County	403,125.00
Long Key Addition	Dept. of Natural Resources	565,000.00
Higgs Beach Park	Monroe County	82,159.90
Salt Ponds Hammock	City of Key West	150,000.00
Everglades National Park.	National Park Service	9,476,190.00
County total		71,912,406.90
County: Multi-County:		
State Park System Package Grant.	Dept. of Natural Resources	8,670,385.74
Halifax Pinttn-Bulow Crk St Pk.	Dept. of Natural Resources	2,297,456.39
County total		10,967,842.13
County: Nassau—District: 3: Airport Recreation Complex.	City of Fernandina Beach	38,036.32
County: Okaloosa—District: 1: Okaloosa Island P.	Okaloosa County	100,000.00
County: Orange—District: 11:		
Wekiva Spr-Rock Spr Rec Ar.	Outdoor Recreation Council	1,287,947.54
Lake Baldwin Park	City of Winter Park	144,600.00
Turkey Lake	City of Orlando	234,700.00
Howell Branch Park	Orange County	70,000.00
Moss Park Addition	Orange County	167,500.00
Turkey Lake	City of Orlando	658,366.94
County total		2,563,114.48
County: Osceola—District: 11:		
Southport Park	S Fl Flood Control Dist.	132,000.00
Lakefront Park	City of Kissimmee	55,893.59
County total		187,893.59
County: Palm Beach—District: 12:		
Pier-Beach Park Development.	City of Lake Worth	240,000.00
South Beach Expansion	City of Boca Raton	1,000,000.00
Lake Worth Municipal Beach.	Palm Beach County	375,000.00
Carlin Park Addition	Palm Beach County	345,000.00
Oceanfront Park and Rec. Complex.	Palm Beach County	97,500.00
Juno Beach	Palm Beach County	150,000.00
Ocean Ridge Beach	Palm Beach County	1,069,033.00
Newcomb Hall Park Expansion.	City of Riviera Beach	275,000.00
Pines	Depart. of Natural Resources	1,790,750.00
Dreher Park	City of West Palm Beach	531,534.00
Richard Kreusler Park	City Palm Bch and Palm Bch County.	106,906.23
S Inlet Pk-Conting Reserve.	City Boca Raton/Palm Bch County.	2,051,205.00
South Inlet Park	Palm Beach County	238,329.38
Diamond Head Tract	Palm Beach County	319,556.00
Ocean Reef Park	Palm Beach County	131,126.95
County total		8,720,940.56
County: Pasco—District: 9:		
Anclote River Park	Pasco County	80,350.00
John S. Burks Memorial Park.	Pasco County	174,835.93
County total		255,185.93

FLORIDA—Continued

Project title	Sponsor	Amount
County: Pinellas—District: 8:		
Caladesi Island State Park.	Outdoor Recreation Council	952,532.50
Seminole Street Boat Launch.	City of Clearwater	79,084.00
Pinellas National Wildlife Refuge.	Fish and Wildlife Service	18,000.00
Boat Launch Facilities	City of St. Petersburg	30,000.00
Lake Seminole Park	Pinellas County	183,000.00
Lake Chautauqua Park	City of Clearwater	96,275.00
Fred Howard Park	Pinellas County	50,550.00
Sand Key I	City Clearwater and Pinellas Co.	670,000.00
Lake Seminole Park II	Pinellas County	66,900.00
Belleair Beach Boat Ramp.	Pinellas County	100,500.00
Sand Key II	City Clearwater and Pinellas Co.	623,150.00
Sand Key III-Conting Reserve.	City Clearwater and Pinellas Co.	1,246,300.00
Honeymoon Island I	Dept. of Natural Resources	1,375,000.00
Eymoon Island II Haw Crk Prsv.	Dept. of Natural Resources	1,998,855.16
Lake Maggiore Park Addition.	City of St. Petersburg	467,560.13
Anderson Park Addition	Pinellas County	251,777.50
Wildwood Park	City of St. Petersburg	101,668.64
Madeira Beach Park	City of Madeira Beach	157,190.50
Moccasin Lake Energy Center.	City of Clearwater	43,547.85
Honeymoon Island (Phase V).	Dept. of Natural Resources	2,219,085.21
Curlew Creek Park	City of Dunedin	37,500.00
North City Park	City of Safety Harbor	87,499.78
Broderick Neighborhood Park.	City of Pinellas Park	34,600.54
Pinebrook Estates Park	City of Pinellas Park	61,192.57
Maximo Park	City of St. Petersburg	150,000.00
County total		11,101,769.38
County: Planning: Statewide Recreation Planning Program.	Kentucky Dept. of Local Government.	
County: Polk—District 10:		
Lake Parker Recreation Area.	City of Lakeland	234,455.21
Mulberry Park	Polk County	65,351.64
Curtis Peterson Park	City of Lakeland	.00
Lk Rosalie Park	Polk County	75,000.00
Polk City Recreation Complex.	Polk County	27,000.00
County total		401,806.85
County: Sarasota—District 13:		
South Lido Key	Dept. of Natural Resources	943,000.00
Caspersen Beach	Sarasota County	1,750,000.00
North Jetty Beach	Sarasota County	501,178.43
Ringling Area Beach Accesses.	City of Sarasota	174,835.93
County total		3,369,014.36
County: Seminole—District 5:		
Cntrl Fla 200-Picnic Nat Pk.	Seminole County	100,000.00
Sylvan Lake Park	Seminole County	249,750.00
Redbug Lake Park	Seminole County	195,250.00
Sylvan Lake Park Devel	Seminole County	177,563.38
Boating Facilities Improvements.	Seminole County	47,845.35
Lee P. Moore Park	City of Sandford	100,000.00
County total		870,408.73
County: St. Lucie—District: 12:		
Savannas Outdoor Rec Area.	City of Fort Pierce	111,000.00
Savannas Outdoor Rec. Area Phase I.	City of Fort Pierce	16,000.00
Surfside Park	City of Fort Pierce	55,902.66
St. Lucie County Rec Devel.	St. Lucie County	287,500.00
Jaycee Park, II	City of Fort Pierce	91,170.00
Heathcote Botanical Garden.	St. Lucie County-City of Fort Pierce.	85,232.52
Pepper Beach Park	St. Lucie County	150,000.00
County total		796,805.18
County: Suwannee—District: 2: Live Oak/Suwannee County Pool.	City of Live Oak	82,710.16
County: Taylor—District: 2:		
Loughridge Park	City of Perry	45,000.00
Pace Field Swimming Pool.	City of Perry	174,835.93
County total		219,835.93

FLORIDA—Continued

Project title	Sponsor	Amount
County: Volusia—District: 3:		
Small Craft Harbor	City of Daytona Beach	75,000.00
Canaveral National Site	National Park Service	5,814,606.00
Ormond Bch Oceanfront Pk.	City of Ormond Beach	112,000.00
Central Park	City of Ormond Beach	77,250.00
Halifax Harbor	City of Daytona Beach	422,800.00
Ponce Park North	Volusia County	174,835.93
Spruce Creek Recreation Complex.	City of Port Orange	150,000.00
Beacon Point	City of Holly Hill	150,000.00
County total		6,976,491.93
County: Wakulla—District: 2: St. Marks National Wildlife Refuge.	Fish and Wildlife Service	185,000.00
County: Walton—District: 1: Lakewood Tract.	Walton County	17,000.00
State total		616,906,448.06

By Mr. McCLURE:

S. 371. A bill to designate certain National Forest System lands in the State of Idaho for inclusion in the National Wilderness Preservation System, to prescribe certain management formulas for certain National Forest System lands, and to release other forest lands for multiple-use management, and for other purposes; to the Committee on Energy and Natural Resources.

IDAHO FOREST MANAGEMENT ACT

Mr. McCLURE. Mr. President, today I am reintroducing a bill that I believe is the only possible legislative solution to Idaho's wilderness question, an issue that must be resolved to provide a blueprint that will ensure the wise use of Idaho's national forests during the next decade and onward into the 21st century.

This is a bill born of conciliation, not conflict. Gov. Cecil Andrus and I took what has been our State's most contentious political question for the past 25 years and forged a compromise among conflicting interests in a way we both believe will resolve the issue for Idaho as well as for the rest of the Nation.

We in Idaho are proud of the natural beauty of our national forests. So is the rest of the country; we know that. It is because of our respect for our lands that we take a great deal of interest in seeing them protected while using them wisely—the true definition of conservation.

Citizens of Idaho, as well as those from other parts of our country, use them for hunting, fishing, backpacking, and hiking. At the same time, some areas are logged to produce wood to construct the homes we live in and for making paper used in producing the books we read. Some land is preserved in its pristine state as wilderness while some is mined for the minerals and metals we use in making automobiles, TV's, and cookware. Still other land is set aside for nonmotorized users wanting to escape the noise of urban areas, while some is leased

for grazing to help provide the red meat demanded at the local grocery store.

We in Idaho are fortunate, indeed, in having vast areas that are relatively untouched by man, and we are proud that we have been able to make large contributions to our Nation's wilderness system. Four million acres of Idaho's national forests have already been set aside as wilderness. That's a land mass larger than Connecticut and Rhode Island combined. Out of all the lower 48 States, only California has more designated wilderness than Idaho.

Now, the Governor and I are suggesting significant additions to Idaho's wilderness system. But our bill is more than just a wilderness bill. In order to settle the wilderness question, it has been necessary to provide a blueprint that will allow for the responsible stewardship of Idaho national forests into the next decade and beyond. The plan we offer will preserve an additional large portion of Idaho's national forests as wilderness, and at the same time protect Idaho jobs that other proposals would destroy.

We propose classifying an additional 1.4 million acres of Idaho's national forests as wilderness. Another 650,000 acres will be protected by statutory management, less prescriptive than wilderness designation, but more prescriptive than management under existing law. The addition of the acreage we propose to existing wilderness will bring the total figure to some 5½ million acres—27 percent of all the national forest land in Idaho. The areas we propose to classify are unique and truly deserving of protection as wilderness. Governor Andrus and I believe this proposal is a fair compromise between environmentalists and natural resource-based industries, between backpackers and motorized recreationists, and between outfitters and guides and wilderness purists.

After introducing our bill in the last Congress, we conducted hearings in both Idaho and Washington. Frankly, we found little support for the bill from those who testified or, for that matter, from the rest of the Idaho delegation. However, given the inability of those involved to work out any sort of final solution since the Wilderness Act was passed 25 years ago, such a reaction was not surprising. Instead of moving toward reconciliation of viewpoint, there has been increasing polarization of special interest groups.

A "yes" vote on our compromise will add the equivalent of two additional Rhode Islands to our country's wilderness system. Passage of this bill will also ease the anxiety of the thousands of people in my State who look toward the national forests for their livelihood and nonwilderness recreation.

In all honesty, the bill is not exactly what either Governor Andrus or myself would have produced given the opportunity to craft bills independently. But in the interests of Idahoans and those all over this country who have an interest in our forests, we have found common ground.

Many of you will recall the story of King Solomon and the two women. Each claimed to be the mother of a young child and asked King Solomon to decide who would be granted custody. Those of you who know the story remember that King Solomon decided to cut the child in half giving each woman an equal share. But in the nick of time, the real mother pleaded with the King not to kill the child. Her love was greater than her desire to keep the child from the impostor.

The wilderness issue in Idaho has created a similar situation for us. Because of the emotion involved and the inability of polarized interest groups in resolving the problem, they have come to the Congress year after year seeking an answer. Proposals have tugged first one way, then another. We are now at a point where Congress is being asked to play king as a result of the "no further compromise" attitude of both sides of the issue.

The Governor and I have attempted to put away our own differences in order to do what is right for Idaho. The same cannot be said of some of the interest groups involved in this debate.

Much of the opposition to our bill comes from people who would rather achieve political victory than find a meaningful and workable compromise. Rather than yield to that kind of opposition, the Governor and I have decided to move forward with what we believe gives all sides more than they will get without our bill.

The alternative to the compromise we offer is to delegate management of our public lands to the Federal courts. Such a delegation of responsibility will only result in wasted time, energy, resources, frustration, and disappointment.

Because the management of our national forests is such a divisive issue in Idaho, if there is ever going to be a compromise on the issue, this is probably the best we can do. Both Governor Andrus and I have moved from our traditional position on this issue to a point of common ground in an attempt to end the divisiveness. Both of us have disappointed some of our traditional supporters.

We have done our best, and we now ask Congress to help us resolve the issue for both our State and the Nation. I sincerely hope the Congress will not turn its back just because both the issue and the solution are tough. A decision must be made. I hope my colleagues will join me in supporting a truly bipartisan attempt to solve a tremendous problem.

Mr. President, I ask unanimous consent that the following editorial from the Idaho Statesman of October 25, 1988, titled "Try Again on Wilderness Bill," be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

TRY AGAIN ON WILDERNESS BILL

The 100th Congress is history. So is the Idaho wilderness bill—at least for this session of Congress.

But Idaho Sen. Jim McClure and Gov. Cecil Andrus shouldn't give up the fight to resolve the Idaho wilderness issue.

For encouragement, Gov. Andrus and Sen. McClure should look at the success Oregon and Montana had during the last Congress in resolving two strictly natural resource issues.

And they can also look at the successful passage of legislation to create the City of Rocks National Reserve and the Hagerman Fossils National Monument. Both of these issues had been controversial for many years.

In Oregon, Congress added parts of 40 streams—or more than 1,400 miles—to the state's Wild and Scenic Rivers System. The legislation received the support of every Oregon legislator save one, regardless of whether they were Republican or Democrat.

Oregon Sen. Mark Hatfield, who proposed the legislation just 10 months ago, said that "few legislative victories have meant as much for the future of Oregon." In an editorial, The Oregonian newspaper compared the Wild and Scenic Rivers legislation to the proposal 75 years ago by Oregon Gov. Oswald West to keep the state's ocean beaches in public ownership.

In Montana, Congress designated another 1.43 million acres as wilderness, left restrictions on another 680,000 acres and freed up about 4 million acres for multiple uses.

Gov. Andrus and Sen. McClure have proposed a blueprint for how Idaho can come close to resolving the wilderness issue. It is now up to those two leaders, the state's other political leaders and the various interest groups to build upon that blueprint.

Environmentalists and natural resource industry leaders showed this year that they could work together when they reached agreement on water-quality standards. The same effort should be used to find common ground on the wilderness issue.

The 101st Congress, which convenes next year, marks a fresh opportunity for these diverse players to get together and support a compromise Idaho wilderness bill.

Mr. BENTSEN (for himself and Mr. GRAHAM):

S. 372. A bill to amend title V of the Refugee Education Assistance Act of 1980 to provide certain resettlement assistance for certain Central Americans; to the Committee on Labor and Human Resources.

ASSISTANCE FOR CERTAIN CENTRAL AMERICANS

Mr. BENTSEN. Mr. President, as you may be aware, over the last year there has been a huge—130 percent—increase in the number of asylum applications filed with the Immigration and Naturalization Service. Applications jumped from 26,107 in fiscal year 1987 to 60,736 in fiscal year 1988.

Eighty-two percent of the applicants came from just three countries: El Salvador, Nicaragua, and Guatemala.

Since most Central Americans enter the United States through south Texas, that economically depressed area of my State has been particularly hard-hit by the boom in asylum applications. The influx of immigrants has created a tremendous strain on this community as it attempts to provide basic humanitarian assistance to the immigrants.

The problems facing south Texas were compounded in mid-December when INS announced a change in policy that effectively confined the Central American asylum applicants to the Brownsville/Harlingen area in south Texas. We quickly had a crisis situation on our hands down there, with shelters filled to capacity and immigrants sleeping in the woods, in tent cities, and in abandoned motels.

In effect, the INS had turned the entire Brownsville/Harlingen area into a massive detention camp.

Mr. President, I recognize the need for INS to act in the face of the recent boom in asylum applications. We must preserve the integrity of our borders and our immigration laws. But the policy adopted by the INS—which essentially dumps this problem into the lap of the people of south Texas—is simply intolerable.

South Texas is an area of high unemployment and low per capita income. It is an area where the ability of schools to educate young people was already strained by Federal immigration policies long before the INS announced its latest policy change. It is an area where health problems are more severe and health care is less available than in other parts of Texas and the Nation.

In short, it is an area lacking in the resources needed to cope with an immigration boom, and it is vastly unreasonable for the INS to adopt a policy that effectively confines thousands of destitute immigrants to this area.

The outrageousness of this policy is heightened by the fact that the INS has turned a deaf ear to the cries from the local community for financial assistance, essentially taking a "that's not my problem" approach. Mr. President, we simply must provide some assistance to south Texas and other areas heavily impacted by the boom in Central American immigrants. There is no getting around the fact that this is a Federal responsibility.

Today, I am introducing legislation that will provide for Federal assistance to south Texas and other heavily impacted areas, and will do so on an expeditious basis. My bill will authorize the Community Relations Service, a division of the Justice Department, to respond and provide assistance to the communities hardest hit by this boom in Central American immigration.

I understand that the Community Relations Service currently has approximately $20 million available, which could be used to help areas like south Texas. However, under current law, the Community Relations Service is authorized to respond only where Cuban or Haitian immigrants or unaccompanied minor immigrants are involved.

My legislation simply expands the authority of the Community Relations Service to also authorize it to respond where Central American immigrants are involved. Since the Community Relations Service has funds available, it could respond quickly to the needs in south Texas and elsewhere relating to this immigration influx.

I realize that there may be a need to reimburse the Cuban-Haitian fund at the Community Relations Service, perhaps through supplemental appropriations, when the funds they currently have on hand are used to respond to Central American immigrants. I am sensitive to that, but believe that we must provide assistance and provide it quickly to south Texas and other areas hard hit by the large number of Central American immigrants. Expanding the authority of the Community Relations Service is the way to accomplish that.

Mr. President, as I have suggested above, south Texas is not the only part of this country that has been greatly impacted by the recent increase in immigration from Central America. Miami and Los Angeles have also been greatly affected, and the local governments and community agencies in those cities are also in need of Federal assistance.

I am pleased to be joined in introducing this legislation by my colleague from Florida, Senator GRAHAM, and my colleague from Texas, Senator GRAMM. I urge the rest of my colleagues to support this important and needed legislation as well.

I am also joined in this effort by one of my Texas colleagues in the House, Representative SOLOMON ORTIZ, and I am hopeful that we can push this legislation through both Houses quickly to provide some desperately needed assistance to south Texas and the other impacted areas. If we do not, we are shirking what is clearly a Federal responsibility.

I ask unanimous consent that the text of the legislation be printed in the RECORD at this point.

There being no objection, the bill and statements were ordered to be printed in the RECORD, as follows:

S. 372

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 501(c)(1)(A) of the Refugee Assistance Act of 1980 (8 U.S.C. note) is amended by inserting "and Central American entrants" after "Cuban and Haitian entrants".

(b) Section 501(d) of such Act is amended—

(1) by inserting "and Central American entrants" after "Cuban and Haitian entrants"; and

(2) by inserting after "enactment of this section" the following: "and, in the case of Central American entrants, periods prior to the enactment of amendments made to this section".

(c) Section 501 of such Act is amended by adding at the end thereof the following new subsection:

"(f) As used in this section—

"(1) the term 'Central American entrant' means—

"(A) any individual granted special status subsequently established under the immigration laws for nationals of any Central American country, regardless of the status of the individual at the time assistance or services are provided; and

"(B) any other national of a Central American country—

"(i) who—

"(I) was paroled into the United States and has not acquired any other status under the Immigration and Nationality Act;

"(II) is the subject of exclusion or deporation proceedings under the Immigration and Nationality Act; or

"(III) has an application for asylum pending with the Immigration and Naturalization Service: and

"(ii) with respect to whom a final, nonappealable, and legally enforceable order of deporation or exclusion has not been entered; and

"(2) the term 'Central American country' refers to any of the following countries: Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama.".

(d) The title heading for title V of such Act is amended to read as follows:

"TITLE V—SUPPLEMENTAL RESETTLEMENT ASSISTANCE FOR CUBAN AND HAITIAN ENTRANTS AND CENTRAL AMERICA ENTRANTS"

Mr. GRAHAM. Madam President, I am pleased to join my distinguished colleague, Senator BENTSEN, in proposing a reasoned solution to the replication of an old problem.

Our bill amends title V of the Refugee Education Assistance Act of 1980 to authorize an important Federal resource—the Community Relations Service—to assist local communities in coping with large influxes of Central Americans applying for asylum.

As many of my colleagues are aware, south Florida is bracing for yet another wave of aliens applying for asylum. In the last 6 months, these communities have absorbed an estimated 20,000 aliens primarily from Central America.

The Immigration and Naturalization Service has projected an influx of 100,000 aliens from Nicaragua alone over the next several months.

On January 31 of this year, a Federal judge ruled that applicants for asylum will be permitted to travel beyond their point of entry until February 20. This decision effectively creates a 3-week invitation for Central Americans fleeing their country to

settle in their community of preference.

That unfairly impacts the few communities which are already struggling to absorb large number of refugees.

Florida knows about this problem firsthand. Most recently, Florida is experiencing increases in admissions of Cuban political prisoners at the rate of 3,000 per year.

Haitians continue to arrive in substantial numbers and make up a majority of detainees in the Krome detention center in Miami.

In addition, Florida still feels the effects of the Cuban-Haitian influx of the late 1970's and early 1980's. An estimated 15 percent of the 140,000 Cubans and Haitians who arrived during that time are still on public assistance and may never become completely self-sufficient.

These latest arrivals further strain every social and public service in our Florida communities. Since applicants for asylum are not technically "refugees" nor are they "immigrants" under existing law, they cannot be counted for the purposes of reimbursing local governments for the costs incurred by providing necessary services.

The failure of the Federal Government to enforce a rational immigration policy has cost communities in Florida, Texas, California and elsewhere millions of dollars and thousands of man-hours in emergency care, shelter, transportation, medical care, education, police services, court costs and a host of other services.

The responsible way for the Federal Government to deal with what is essentially a Federal problem is to assist local governments in meeting these needs and to reimburse them for associated costs.

The Community Relations Service of the Justice Department, following the effective work of the Cuban-Haitian task force, has provided such invaluable assistance through its mission of assisting local communities in absorbing alien influxes.

After the initial emergency of the Cuban boatlift and concurrent Haitian influx, CRS was detailed in 1983 to assume responsibility for the Cuban/Haitian Reception Processing Program. CRS has been a key player in the resettlement of these entrants.

Today's arrivals of Nicaraguans and other Central Americans in Florida, along with the increases in the number of Cuban political prisoners admitted and a renewed flow of Haitians seeking to settle in the Haitian community in Miami, replicate those crisis days in the early 1980's.

This bill is the first step in recognizing the Federal Government's responsibility for the associated costs. It expands the population served by the Community Relations Service under current law to include Central Americans applying for asylum.

CRS has the experience required and is best prepared to work with the new arrivals and the communities they enter. All CRS currently lacks is the statutory authority to provide immediate relief.

The expansion of CRS authority should not result in reduction of services to the existing clientele. Rather, the administration is given the flexibility to determine whether providing relief to affected communities should be funded through a reprogramming of resources or through a request for additional funds from Congress.

Senator BENTSEN and I agree that the expansion of the CRS mission to include Central Americans is a pragmatic and fair approach in dealing with this crisis.

Immigration control is a Federal responsibility. Clearly, any costs to local communities resulting from refugee arrivals stimulated by foreign policy decisions or a failure to control U.S. borders should be borne by the Federal Government.

Our support of this bill will send an unmistakable signal to local governments that the Federal Government is prepared to act responsibly and fairly in dealing with the special problems arising from influxes of refugees and asylum seekers.

Mr. GORE. Madam President, will the Senator yield?

Mr. GRAHAM. I yield.

Mr. GORE. Madam President, I ask unanimous consent that my name be added as a cosponsor of this measure.

Mr. GRAHAM. We would be honored to have the Senator from Tennessee join in this important national initiative.

Mr. GORE. I appreciate it.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GORE. Madam President, I enjoyed my colleague's statement and I want him to know, as I want the Presiding Officer to know, that this is a matter that is of concern not only in Florida and in Texas, but any Americans who can recognize the unfair impact which is being felt in these two States should understand why this legislation is wise.

The influx my colleague has described is very real.

By Mr. WILSON (for himself, Mr. BOND, Mr. BOSCHWITZ, Mr. CHAFEE, Mr. COATS, Mr. COCHRAN, Mr. D'AMATO, Mr. DOLE, Mr. DOMENICI, Mr. DURENBERGER, Mr. GARN, Mr. GORTON, Mr. GRASSLEY, Mr. HATCH, Mr. HEINZ, Mr. JEFFORDS, Mrs. KASSEBAUM, Mr. LUGAR, Mr. MACK, Mr. MCCLURE, Mr. MURKOWSKI, Mr. PACKWOOD, Mr. PRESSLER, Mr. STEVENS, Mr. THURMOND, Mr. WALLOP, Mr. WARNER, Mr. BENTSEN, Mr. BINGAMAN, Mr. BRYAN, Mr. BUMPERS, Mr. BURDICK, Mr. CONRAD, Mr. DECONCINI, Mr. DODD, Mr. GLENN, Mr. HEFLIN, Mr. HOLLINGS, Mr. INOUYE, Mr. LEVIN, Mr. LIEBERMAN, Mr. MATSUNAGA, Mr. METZENBAUM, Mr. MOYNIHAN, Mr. NUNN, Mr. PELL, Mr. PRYOR, Mr. REID, Mr. ROBB, Mr. SANFORD, Mr. SHELBY, Mr. SIMON, and Mr. WIRTH):

S.J. Res. 51. Joint resolution to designate the month of April 1989 as "National Cancer Awareness Month"; to the Committee on the Judiciary.

NATIONAL CANCER AWARENESS MONTH

● Mr. WILSON. Mr. President, I rise today to introduce a Senate joint resolution which designates the month of April 1989 as National Cancer Awareness Month. The purpose of this resolution is to provide a low-cost way to educate the public about the importance of preventative cancer examinations as a way to fight this deadly disease. Fifty-two of my colleagues have already signed on as original cosponsors of this necessary resolution.

As you know, cancer is one of the most serious medical challenges of our day. Cancer causes one of every five deaths in the United States and strikes in three out of four American families. It kills more children ages 3 to 14 than any other disease and occurs more frequently as people advance in age. In 1988 alone, an estimated 494,000 Americans died of cancer. Approximately 75 million Americans now living will eventually have cancer.

By increasing public awareness of preventative measures, we see a change in these numbers.

Thanks to developments in research, we continue to learn how to reduce the fatality rate of cancer. Individual cancer examinations make early detection and treatment possible. One hundred seventy-four thousand American lives can be saved this year. Three million Americans alive today have already won their war against cancer.

There has been great interest in this area in California. One man who has shown great initiative is William Croker, a gentleman from Hawaiian Gardens, who, tragically, lost both parents and a sister to cancer. Mr. Croker uses his ability to walk long distances to draw attention to this serious disease. "Walking Willie," as we know him, has walked thousands of miles promoting the importance of continued cancer research and personal preventative cancer measures. This February, Willie began a walk across the United States to nationally promote cancer checkups. He is due to arrive in Washington, DC, in late April, the month our resolution designates as Cancer Awareness Month.

Mr. President, it is our responsibility to provide the public with information

about ways to prevent cancer. Constituents have already begun to organize to alert one another to the importance of cancer awareness.

A National Cancer Awareness Month is an appropriate and cost-effective way to continue these efforts and decrease the fatality rate of cancer.●

Mr. HOLLINGS (for himself, Mr. BRADLEY, Mr. BENTSEN, Mr. GORE, Mr. KENNEDY, Mr. WARNER, Mr. GRAHAM, Mr. BOREN, Mr. BUMPERS, Mr. SARBANES, Mr. LEVIN, and Mr. MOYNIHAN):

S.J. Res. 52. Joint resolution to express gratitude for law enforcement personnel; to the Committee on the Judiciary.

GRATITUDE FOR LAW ENFORCEMENT PERSONNEL

● Mr. HOLLINGS. Mr. President, I rise to introduce a joint resolution to express gratitude to America's law enforcement personnel. Every year in America, we set aside May 1 as a day to celebrate justice under law, to advance equality, and to encourage respect to law and its essential place in the life of every American citizen. By all means, let us salute the work of our judges and attorneys and law students. We must bear in mind, though, that law does not begin or end in the courtroom or the law schools. Law's presence is perhaps even more immediate and profound on the policeman's beat, in the precinct station, and in the jailhouse. And so this year on May first, the day we call "Law Day U.S.A.," we should give special emphasis to law enforcement personnel in order to honor these public servants for their courage and dedication.

I am sponsoring this resolution to expand the focus of law day to give special recognition of our Nation's constables, sheriff's deputies, troopers, patrolmen, officers, and detectives—and men and women who protect our streets, patrol our roadways, and staff our correction facilities. Truly these men and women stand as a firstline defense of our laws and of our civil order. They are devoted to their jobs, underpaid for their efforts and tireless in their work. And they are often in danger. Every year, 10 percent are injured on the job. In 1988, 158 were killed in America. Twenty percent of officer fatalities last year were due solely to traffic-related accidents while in the line of duty. Even on a seemingly routine beat, our officers jeopardize their own safety in order to guarantee the safety of others.

Of course, we all honor the brave dead. But let me be clear: First and foremost, this resolution is a salute to the living. America owes these men and women an incalculable debt—a debt not of dollars, but of gratitude and deep respect. It is an honor to sponsor this resolution, and to encourage my colleagues' support for this bill.

Mr. President, I ask unanimous consent that the text of the joint resolution be printed in the RECORD.

The being on objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 52

Whereas the first day of May of each year has been designated as "Law Day U.S.A." and set aside as a special day to advance equality and justice under law, to encourage citizen support for law enforcement and law observance, and to foster respect for law and an understanding of the essential place of law in the life of every citizen of the United States;

Whereas each day police officers and other law enforcement personnel perform their duties unflinchingly and without hesitation;

Whereas each year tens of thousands of law enforcement personnel are injured or assaulted in the course of duty and many are killed;

Whereas law enforcement personnel are devoted to their jobs, are underpaid for their efforts, and are tireless in their work; and

Whereas law enforcement personnel perform their duties without adequate recognition: Now, therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That in celebration of "Law Day, U.S.A.", May 1, 1989, the grateful people of this Nation give special emphasis to all law enforcement personnel of the United States, and acknowledge the unflinching and devoted service law enforcement personnel perform as such personnel help preserve domestic tranquillity and guarantee the legal rights of all individuals of this Nation.●

Mr. D'AMATO (for himself and Mr. ROBB):

S.J. Res. 53. Joint Resolution to designate May 25, 1989, as "National Tap Dance Day"; to the Committee on the Judiciary.

NATIONAL TAP DANCE DAY

● Mr. D'AMATO. Mr. President, I rise today to introduce a joint resolution designating May 25, 1989, as "National Tap Dance Day." This resolution is being introduced in the other body by my distinguished friend, the Congressman from Michigan, Mr. CONYERS.

May 25 marks the birth date of the legendary Bill "Bojangles" Robinson, whose tap dancing was the highlight of many broadway musicals and motion pictures of a prior era. "Bojangles" wide appeal and popularity masked, however, a serious artist, a leading exponent of what is now widely recognized as a uniquely American form of dance. In recent years, tap has been in danger of becoming a forgotten performing art in our society. It is important to preserve this part of our special American culture. We who support this resolution hope that the art of tap will be returned to its rightful place in our Nation's cultural consciousness.

I encourage my colleagues to join me in supporting the establishment of this special day both saluting Bill "Bojangles" Robinson, and celebrating this very special art form. I hope that we will see increased interest, study, and performance of this lively and original American art form.

I ask unanimous consent that the text of this resolution be printed in the RECORD immediately following my statement. Thank you, Mr. President.●

There being no objection, the bill and statement were ordered to be printed in the RECORD, as follows:

S.J. RES. 53

Whereas the multifaceted art form of tap dancing is a manifestation of the cultural heritage of our Nation, reflecting the fusion of African and European cultures into an exemplification of the American spirit, that should be, through documentation, and archival and performance support, transmitted to succeeding generations;

Whereas tap dancing has had a historic and continuing influence on other genres of American art, including music, vaudeville, Broadway musical theater, and film, as well as other dance forms;

Whereas tap dancing is perceived by the world as a uniquely American art form;

Whereas tap dancing is a joyful and powerful aesthetic force providing a source of enjoyment and an outlet for creativity and self-expression for Americans on both the professional and amateur level;

Whereas it is in the best interest of the people of our Nation to preserve, promote, and celebrate this uniquely American art form;

Whereas Bill "Bojangles" Robinson made an outsanding contribution to the art of tap dancing on both stage and film through the unification of diverse stylistic and racial elements; and

Whereas May 25, the anniversary of the birth of of Bill "Bonjangles" Robinson, is an appropriate day on which to refocus the attention of the Nation on American tap dancing: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That May 25, 1989, is designated "National Tap Dance Day". The President is authorized and requested to issue a proclamation calling upon the people of the United States to observe such a day with appropriate ceremonies and activities.

● Mr. ROBB. Mr. President, I rise today to cosponsor, along with Senator D'AMATO, a resolution establishing May 25, 1989, as "National Tap Dance Day."

Mr. President, May 25, is the birthday of a great Virginian, and a great tap dancer, Bill "Bojangles" Robinson, who was born in Richmond in 1878. He grew up in the market area of that city, and at an early age ran away to Washington, DC, where he was exposed to traveling minstrel shows. Captivated by the entertainers, Robinson used the basics of the minstrel tradition to develop his own unique style of tap dancing.

His abilities carried him to the top of the entertainment world, and by the mid-1920's he was hailed as "the king of tap dancers."

Bill "Bojangles" Robinson was a philanthropist as well as a great entertainer. He donated the first traffic light in the black area of his hometown, and in 1973, the city of Richmond dedicated a statue of him at that very corner.

Mr. President, Bill "Bonjangles" Robinson made an outstanding contribution to the art of tap dancing and to the life of his city, State, and Nation. It is therefore appropriate to celebrate the art of tap dancing on his birthday, and I urge my colleagues to join Senator D'AMATO and me in supporting this resolution.●

Mr. DECONCINI (for himself and Mr. DODD):

S.J. Res. 54. Joint resolution to designate the months of April 1989, and 1990, as "National Child Abuse Prevention Month"; to the Committee on the Judiciary.

NATIONAL CHILD ABUSE PREVENTION MONTH

● Mr. DECONCINI. Mr. President, I am introducing today, together with my colleague from the great State of Connecticut, Senator DODD, a joint resolution to declare the months of April 1989 and 1990 as "National Child Abuse Prevention Month." I am hopeful that a great number of my distinguished colleagues will join us in this important effort.

Mr. President, despite the fact that agencies and organizations serving our children have made notable contributions over the past few years in improving the lives of our youth—by revamping rules and regulations, pinpointing issues, disseminating information and increasing public awareness—child abuse is still on the increase.

Recent data makes it abundantly clear that our Nation's poor children are the high-risk victims for abuse, neglect, and other poverty related problems. The families of these children are caught in a web of strife, stress, and strain in their attempt to merely survive from day to day. Their struggle is compounded by lack of resources, both spiritual and physical, to reduce the burden imposed by their state of poverty.

Mr. President, America's child abuse problem does not stop there. It appears in every State in the Union and cuts across all socioeconomic groups. From the impoverished ghettos of our urban centers to the stately manors across the Nation, millions of America's children are not getting a fair chance to grow into productive adults. Many children in the United States are growing up in wholesome, nurturing environments. However, millions more are not blessed with that good fortune. Every child in the world needs and deserves food, shelter, and love in order to survive and prosper.

The evidence of child abuse and neglect is both alarming and overwhelming. The best available statistics estimate that three of every four cases of child abuse go unreported and the number of reported incidences continues to rise. The data collected by the Child Help U.S.A. organization and others show that over 1.5 million cases of child abuse are reported, so as many as 6 million of our Nation's children are being tragically abused. Today, I regret to report that the incidence rate is not declining. Abuse cases have significantly risen since 1980. Physical abuse has increased by 58 percent and sexual abuse has tripled since 1980. All experts agree that the numbers will escalate further since victims will likely victimize their own children and others.

Mr. President, despite the best efforts of the social service providers, like Child Help U.S.A., Parents Anonymous, and other members of the National Child Abuse Coalition, the entire Nation is threatened by the continued growth in child abuse and neglect. The only national crisis counseling hotline staffed totally by medical and clinical professionals received over 173,719 calls in 1988 compared with only 8,600 calls when it was established in 1982. The Child Help U.S.A. phone system was at capacity in 1986. Since then, it has had to expand to accommodate an increasing number of calls.

As I have stated previously, Members of Congress have an opportunity to assist the many individuals, organizations, and agencies that are striving to rid our Nation of the epidemic of child abuse and to assist the victims as well. We can help focus public attention on the goals and objectives of these agencies and improve the general welfare of our children.

The declaration of April 1989 and April 1990 as "National Child Abuse Prevention Month," is a significant way in which we in Congress can emphasize the importance of increasing public awareness and education for the benefit of our troubled families and suffering children. There is help available in communities throughout the Nation, but we need to get the message out to the abused as well as the abusers. Therefore, I urge my colleagues to join Senator DODD and myself in this effort to have April 1989 and April 1990 designated as "National Child Abuse Prevention Month."

Mr. President, I ask unanimous consent that the text of the joint resolution be printed in the RECORD.●

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S.J. RES. 54

Whereas the incidence and prevalence of child abuse and neglect have reached alarming proportions in the United States;

Whereas an estimated six million children become victims of child abuse in this Nation each year;

Whereas an estimated four to five thousand of these children die as a result of such abuse each year;

Whereas the Nation faces a continuing need to support innovative programs to prevent child abuse and assist parents and family members in which child abuse occurs;

Whereas Congress has expressed its commitment to seeking and applying solutions to this problem by enacting the Child Abuse Prevention and Treatment Act of 1974;

Whereas many dedicated individuals and private organizations, including Child Help U.S.A., Parents Anonymous, the National Committee for the Prevention of Child Abuse, the American Humane Association, and other members of the National Child Abuse Coalition, are working to counter the ravages of abuse and neglect and to help child abusers break this destructive pattern of behavior;

Whereas the average cost for a public welfare agency to serve a family through a child abuse program is twenty times greater than self-help programs administered by private organizations;

Whereas organizations such as Parents Anonymous, and other members of the National Child Abuse Coalition, are expediting efforts to prevent child abuse in the next generation through special programs for abused children; and

Whereas it is appropriate to focus the attention of the Nation upon the problem of child abuse: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the months of April 1989 and 1990, are designated as "National Child Abuse Prevention Month", and the President is authorized and requested to issue a proclamation calling on all Government agencies and the people of the United States to observe such month with appropriate programs, ceremonies, and activities.

Mr. SIMON (for himself, Mr. COCHRAN, Mr. JEFFORDS, Mr. METZENBAUM, Mr. GRASSLEY, Mr. BRADLEY, Mr. MATSUNAGA, Mr. PELL, Mr. THURMOND, Mr. DOMENICI, Mr. ROCKEFELLER, Mr. PRYOR, Mr. BENTSEN, Mr. DODD, Mr. LIEBERMAN, Mr. ROBB, Mr. HEINZ, Mr. WILSON, Mr. LUGAR, Mr. STEVENS, Mr. WARNER, Mr. INOUYE, Mr. DURENBERGER, Mr. PRESSLER, Mr. KENNEDY, and Mr. HATCH):

S.J. Res. 55. Joint Resolution to designate the week of October 1, 1989, through October 7, 1989, as "Mental Illness Awareness Week"; to the Committee on Energy and Natural Resources.

MENTAL ILLNESS AWARENESS WEEK

● Mr. SIMON. Mr. President, I rise today, along with 24 of my colleagues, to introduce a joint resolution designating the week of October 1, 1989, through October 7, 1989, as "Mental Illness Awareness Week."

Since 1984, this designation has been used as an educational tool. The myths and misconceptions, the fears and the stigma surrounding mental illness are staggering.

According to the American Psychiatric Association, 15 to 25 percent of the elderly suffer from significant symptoms of mental illness and approximately 12 million children under the age of 18 suffer from mental disorders such as depression, hyperactivity and autism. In a recent National Institute of Mental Health research article published in the November 1988, General Psychiatry, 15.4 percent of the population over the age of 18 years fulfilled criteria for at least one alcohol, drug abuse or other mental disorder during the month preceding the interview.

About 15 percent of all Americans will suffer a major depressive episode. About 40 percent of the homeless on our streets are victims of schizophrenia.

There is an important interplay between mental and physical illnesses. It is clear, for example, that many elderly persons with psychiatric illnesses have other medical illnesses, and treatment of both needs to be coordinated and monitored closely. Physical illnesses may induce, mask or modify psychiatric symptoms and vice versa. Mental illness can be as serious a disease as many physical illnesses, and research into the workings of the brain are imperative.

The impacts to society are massive.

The direct treatment costs and indirect costs from lost productivity associated with mental illness are in the billions of dollars. Our total Federal expenditure on mental illness research, on the other hand, is less than $339,000,000.

On a per patient basis, total dollars spent for research on schizophrenia and depression combined equal only 15 percent of moneys allocated to multiple sclerosis and 2 percent of the amount spent on muscular dystrophy. That is not to say that we should be doing less in those areas. We can and must do better in all areas of research.

Appropriate treatment of mental illness has been demonstrated to be cost effective. And while great strides have been made in our scientific knowledge and our ability to treat the disease, we must recommit ourselves to addressing the basic, human needs of those among us who are suffering.

We have a tendency, as a society, to blame the conditions of mental illness on that person, as if the illness were a matter of free choice. We have a tendency to harbor unconscious negative feelings toward those who are victims of mental illness. Discrimination against the mentally ill crosses all segments of society.

Through proper research, we can find the causes and appropriate treatment for mental illness. We can help those families and their loved ones who suffer. But to do so, we must go beyond the stigma of mental illness and understand that it is real, it afflicts millions of Americans, and it is a painful disease.

The main purpose of this resolution is to make people aware of the seriousness of mental illness and the importance of educating them about the realities. I agree with a headline from last year's awareness campaign: Mental illness is curable. But public apathy must be cured first.

I ask my colleagues to join in this effort by cosponsoring this resolution. Thank you, Mr. President.●

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 55

Whereas mental illness is a problem of grave concern and consequence in American society, widely but unnecessarily feared and misunderstood;

Whereas thirty-one to forty-one million Americans annually suffer from clearly diagnosable mental disorders involving significant disability with respect to employment, attendance at school, or independent living;

Whereas more than ten million Americans are disabled for long periods of time by schizophrenia, manic depressive disorder, and major depression;

Whereas between 30 and 50 percent of the homeless suffer serious, chronic forms of mental illness;

Whereas alcohol, drug, and mental disorders affect almost 19 percent of American adults in any six-month period;

Whereas mental illness in at least twelve million children interferes with vital developmental and maturational processes;

Whereas mental disorder-related deaths are estimated to be thirty-three thousand, with suicide accounting for at least twenty-nine thousand, although the real number is thought to be at least three times higher;

Whereas our growing population of the elderly is particularly vulnerable to mental illness;

Whereas estimates indicate that one in ten AIDS patients will develop dementia or other psychiatric problems as the first sign of the disease and as many as two-thirds of AIDS patients will show neuropsychiatric symptoms before they die;

Whereas mental disorders result in staggering costs to society, estimated to be in excess of $249,000,000,000 in direct treatment and support and indirect costs to society, including lost productivity;

Whereas mental illness is increasingly a treatable disability with excellent propects for amelioration and recovery when properly recognized;

Whereas families of mentally ill persons and those persons themselves have begun to join self-help groups seeking to combat the unfair stigma of the diseases, to support greater national investment in research and to advocate an adequate continuum of care from hospital to community;

Whereas in recent years there have been unprecedented major research developments bringing new methods and technology to the sophisticated and objective study of the functioning of the brain and its linkages to both normal and abnormal behavior;

Whereas research in recent decades has led to a wide array of new and more effective modalities of treatment (both somatic and psychosocial) for some of the most incapacitating forms of mental illness (including schizophrenia, major affective disorders, phobias, and phobic disorders);

Whereas appropriate treatment of mental illness has been demonstrated to be cost effective in terms of restored productivity, reduced utilization of other health services, and lessened social dependence; and

Whereas recent and unparalleled growth in scientific knowledge about mental illness has generated the current emergence of a new threshold of opportunity for future research advances and fruitful application to specific clinical problems: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the seven-day period beginning October 1, 1989, and ending October 7, 1989, is designated as "Mental Illness Awareness Week", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe that week with appropriate ceremonies and activities.

ADDITIONAL COSPONSORS

S. 33

At the request of Mr. HUMPHREY, the names of the Senator from Iowa [Mr. GRASSLEY], and the Senator from California (Mr. WILSON) were added as cosponsors of S. 33, a bill to provide that each item of any appropriation measure that is agreed to by both Houses of the Congress in the same form shall be enrolled as a separate bill or joint resolution for presentation of the President.

S. 54

At the request of Mr. METZENBAUM, the name of the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of S. 54, a bill to amend the Age Discrimination in Employment Act of 1967 with respect to the waiver of rights under such Act without supervision, and for other purposes.

S. 65

At the request of Mr. SYMMS, the name of the Senator from Wyoming (Mr. WALLOP) was added as a cosponsor of S. 65, a bill to amend title 23, United States Code, to eliminate a reduction of the apportionment of Federal-aid highway funds to certain States, and for other purposes.

S. 82

At the request of Mr. THURMOND, the name of the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of S. 82, a bill to recognize the organization known as the 82nd Airborne Division Association, Incorporated.

S. 110

At the request of Mr. KENNEDY, the names of the Senator from Iowa (Mr. HARKIN) the Senator from Pennsylvania (Mr. SPECTER), and the Senator from North Dakota (Mr. BURDICK) were added as cosponsors of S. 110, a

bill to revise and extend the programs of assistance under title X of the Public Health Service Act.

S. 134

At the request of Mr. GLENN, the name of the Senator from New Mexico (Mr. BINGAMAN) was added as a cosponsor of S. 134, a bill to establish the Congressional Scholarships for Science, Mathematics, and Engineering, and for other purposes.

S. 135

At the request of Mr. GLENN, the name of the Senator from Pennsylvania (Mr. HEINZ) was added as a cosponsor of S. 135, a bill to amend title 5, United States Code, to restore to Federal civilian employees their right to participate voluntarily, as private citizens, in the political processes of the Nation, to protect such employees from improper political solicitations, and for other purposes.

S. 137

At the request of Mr. BOREN, the names of the Senator from Washington (Mr. ADAMS), the Senator from Arkansas (Mr. PRYOR), and the Senator from North Carolina (Mr. SANFORD) were added as cosponsors of S. 137, a bill to amend the Federal Election Campaign Act of 1971 to provide for a voluntary system of spending limits and partial public financing of Senate general election campaigns, to limit contributions by multicandidate political committees, and for other purposes.

S. 163

At the request of Mr. THURMOND, the name of the Senator from California (Mr. WILSON) was added as a cosponsor of S. 163, a bill to amend the Internal Revenue Code of 1986 to provide that service performed for an elementary or secondary school operated primarily for religious purposes is exempt from the Federal unemployment tax.

S. 197

At the request of Mr. SASSER, the name of the Senator from North Dakota [Mr. BURDICK] was added as a cosponsor of S. 197, a bill to authorize the insurance of certain mortgages for first-time homebuyers, and for other purposes.

S. 232

At the request of Mr. MOYNIHAN, the name of the Senator from California [Mr. CRANSTON] was added as a cosponsor of S. 232, a bill to establish the American Conservation Corps, and for other purposes.

S. 244

At the request of Mr. GLENN, the names of the Senator from Illinois [Mr. DIXON], the Senator from Iowa [Mr. HARKIN], the Senator from North Dakota [Mr. BURDICK], and the Senator from North Dakota [Mr. CONRAD] were added as cosponsors of S. 244, A bill to require the Administrator of the General Services Administration to encourage the development and use of plastics derived from certain commodities, and to include such products in the General Services Administration inventory for supply to Federal agencies, and for other purposes.

S. 253

At the request of Mr. BINGAMAN, the names of the Senator from Ohio [Mr. GLENN], and the Senator from Florida [Mr. GRAHAM] were added as a cosponsors of S. 253, a bill to establish a coordinated National Nutrition Monitoring and Related Research Program,. and a comprehensive plan for the assessment of the nutritional and dietary status of the United States population and the nutritional quality of food consumed in the United States, with the provision for the conduct of scientific research and development in support of such program and plan.

S. 256

At the request of Mr. HARKIN, the names of the Senator from Oklahoma [Mr. BOREN], the Senator from Alabama [Mr. HEFLIN], and the Senator from Texas [Mr. BENTSEN] were added as cosponsors of S. 256, a bill to direct a study by the Secretary of Agriculture of the classification of anhydrous ammonia as a poisonous gas for purposes of the Hazardous Materials Transportation Act, and for other purposes.

S. 257

At the request of Mr. RIEGLE, the name of the Senator from Arkansas [Mr. BUMPERS] was added as a cosponsor of S. 257, a bill to amend the Internal Revenue Code of 1986 to permit individuals to receive tax-free distributions from an individual retirement account or annuity to purchase their first home, and for other purposes.

S. 318

At the request of Mr. JOHNSTON, the name of the Senator from North Carolina [Mr. SANFORD] was added as a cosponsor of S. 318, a bill to facilitate the national distribution and utilization of coal.

S. 330

At the request of Mr. MCCONNELL, the name of the Senator from Rhode Island [Mr. CHAFEE] was added as a cosponsor of S. 330, a bill to amend the Federal Election Campaign Act of 1971 to prohibit direct contributions to candidates by multicandidate political committees, require full disclosure of attempts to influence Federal elections through "soft money" and independent expenditures, and correct inequities resulting from personal financing of campaigns.

S. 339

At the request of Mr. BRADLEY, the name of the Senator from Maine [Mr. MITCHELL] was added as a cosponsor of S. 339, a bill to amend title XIX of the Social Security Act to reduce infant mortality through improvement of coverage of services to pregnant women and infants under the medicaid program.

S. 341

At the request of Mr. HOLLINGS, the names of the Senator from Colorado [Mr. WIRTH], the Senator from North Dakota [Mr. BURDICK], the Senator from Vermont [Mr. LEAHY], and the Senator from Wisconsin [Mr. KOHL] were added as cosponsors of S. 341, a bill to amend the Federal Aviation Act of 1958 to prohibit discrimination against blind individuals in air travel.

S. 342

At the request of Mr. DANFORTH, the name of the Senator from Michigan [Mr. RIEGLE] was added as a cosponsor of S. 342, a bill to amend the Internal Revenue Code of 1986 to provide that certain credits will not be subject to the passive activity rules, and for other purposes.

SENATE JOINT RESOLUTION 6

At the request of Mr. PRESSLER, the names of the Senator from Nebraska [Mr. KERREY] and the Senator from Montana [Mr. BAUCUS] were added as cosponsors of Senate Joint Resolution 6, a joint resolution disapproving the recommendations of the President relating to rates of pay of certain officers and employees of the Federal Government, and for other purposes.

SENATE JOINT RESOLUTION 10

At the request of Mr. THURMOND, the name of the Senator from Maine [Mr. MITCHELL] was added as a cosponsor of Senate Joint Resolution 10, a joint resolution to designate the month of May 1989 as "National Foster Care Month."

SENATE JOINT RESOLUTION 15

At the request of Mr. PRESSLER, the names of the Senator from Kansas [Mr. DOLE] and the Senator from Minnesota [Mr. BOSCHWITZ] were added as cosponsors of Senate Joint Resolution 15, a joint resolution to designate the second Sunday in October 1989 as "National Children's Day."

SENATE JOINT RESOLUTION 18

At the request of Mr. THURMOND, the name of the Senator from Arizona [Mr. DECONCINI] was added as a cosponsor of Senate Joint Resolution 18, a joint resolution to authorize the National Committee of American Airmen Rescued by General Mihailovich to erect a monument to Gen. Draza Mihailovich in Washington, DC, or its environs, in recognition of the role he played in saving the lives of more than 500 United States airmen in Yugoslavia during World War II.

SENATE JOINT RESOLUTION 20

At the request of Mr. PRESSLER, the name of the Senator from Nebraska [Mr. KERREY] was added as a cosponsor of Senate Joint Resolution 20, a joint resolution disapproving the recommendations of the President relating to rates of pay of certain officers

and employees of the Federal Government, and for other purposes.

SENATE JOINT RESOLUTION 25

At the request of Mr. D'AMATO, the names of the Senator from Nevada [Mr. REID], the Senator from Delaware [Mr. BIDEN], the Senator from Ohio [Mr. GLENN], the Senator from Vermont [Mr. LEAHY], the Senator from South Dakota [Mr. DASCHLE], the Senator from Nebraska [Mr. EXON], the Senator from New Hampshire [Mr. HUMPHREY], the Senator from North Dakota [Mr. CONRAD], the Senator from Alaska [Mr. MURKOWSKI], the Senator from Alabama [Mr. SHELBY], the Senator from Colorado [Mr. WIRTH], the Senator from Oklahoma [Mr. BOREN], the Senator from Vermont [Mr. JEFFORDS], the Senator from Utah [Mr. GARN], the Senator from Hawaii [Mr. MATSUNAGA], the Senator from Illinois [Mr. DIXON], the Senator from California [Mr. CRANSTON], the Senator from Texas [Mr. GRAMM], the Senator from Delaware [Mr. ROTH], the Senator from Indiana [Mr. LUGAR], the Senator from Missouri [Mr. BOND], the Senator from Virginia [Mr. WARNER], the Senator from Massachusetts [Mr. KERRY], the Senator from Mississippi [Mr. COCHRAN], the Senator from Connecticut [Mr. DODD], the Senator from Utah [Mr. HATCH], the Senator from Maryland [Ms. MIKULSKI], the Senator from Pennsylvania [Mr. HEINZ], the Senator from California [Mr. WILSON], the Senator from New Mexico [Mr. DOMENICI], the Senator from Washington [Mr. ADAMS], the Senator from Montana [Mr. BURNS], the Senator from Idaho [Mr. MCCLURE], the Senator from New Jersey [Mr. LAUTENBERG], the Senator from South Carolina [Mr. HOLLINGS], the Senator from Pennsylvania [Mr. SPECTER], the Senator from Alaska [Mr. STEVENS], the Senator from Nevada [Mr. BRYAN], the Senator from Illinois [Mr. SIMON], the Senator from New Jersey [Mr. BRADLEY], the Senator from Arizona [Mr. DECONCINI], the Senator from South Dakota [Mr. PRESSLER], the Senator from Rhode Island [Mr. PELL], the Senator from Georgia [Mr. FOWLER], the Senator from Maryland [Mr. SARBANES], the Senator from Florida [Mr. GRAHAM], the Senator from Virginia [Mr. ROBB], the Senator from Hawaii [Mr. INOUYE], the Senator from Florida [Mr. MACK], the Senator from Kansas [Mr. DOLE], the Senator from North Dakota [Mr. BURDICK], the Senator from Tennessee [Mr. GORE], and the Senator from Texas [Mr. BENTSEN] were added as cosponsors of Senate Joint Resolution 25, a joint resolution to designate the week of May 7, 1989, through May 14, 1989, as "Jewish Heritage Week."

SENATE JOINT RESOLUTION 32

At the request of Mr. PACKWOOD, the names of the Senator from Nebraska [Mr. EXON], the Senator from Maine [Mr. MITCHELL], the Senator from Iowa [Mr. GRASSLEY], and the Senator from Alabama [Mr. HEFLIN] were added as cosponsors of Senate Joint Resolution 32, a joint resolution to designate February 2, 1989, as "National Women and Girls in Sports Day."

SENATE JOINT RESOLUTION 34

At the request of Mr. BENTSEN, the name of the Senator from Alabama [Mr. HEFLIN] was added as a cosponsor of Senate Joint Resolution 34, a joint resolution designating the week of April 14, 1989, through April 22, 1989, as "National Minority Cancer Awareness Week."

SENATE JOINT RESOLUTION 40

At the request of Mr. BRADLEY, the names of the Senator from Utah [Mr. HATCH], the Senator from Illinois [Mr. DIXON], the Senator from Iowa [Mr. GRASSLEY], the Senator from Maine [Mr. MITCHELL], and the Senator from Kansas [Mrs. KASSEBAUM] were added as cosponsors of Senate Joint Resolution 40, a joint resolution to authorize the President to proclaim the last Friday of April 1989 as "National Arbor Day."

SENATE JOINT RESOLUTION 42

At the request of Mr. PACKWOOD, the names of the Senator from Mississippi [Mr. COCHRAN], the Senator from Arizona [Mr. DECONCINI], and the Senator from Ohio [Mr. METZENBAUM] were added as cosponsors of Senate Joint Resolution 42, a joint resolution to designate March 16, 1989, as "Freedom of Information Day."

SENATE CONCURRENT RESOLUTION 10

At the request of Mr. SIMON, the names of the Senator from Arizona [Mr. MCCAIN], the Senator from Connecticut [Mr. DODD], the Senator from South Carolina [Mr. THURMOND], and the Senator from Vermont [Mr. LEAHY] were added as cosponsors of Senate Concurrent Resolution 10, a concurrent resolution to express the sense of the Congress with respect to continuing reductions in the Medicare program.

At the request of Mr. SIMON, the name of the Senator from California [Mr. WILSON] was withdrawn as a cosponsor of Senate Concurrent Resolution 10, supra.

SENATE RESOLUTION 16

At the request of Mr. LAUTENBERG, the name of the Senator from Pennsylvania [Mr. HEINZ] was added as a cosponsor of Senate Resolution 16, a resolution to express the sense of the Senate regarding future funding of the municipal sewage treatment program under the Clean Water Act.

SENATE RESOLUTION 24

At the request of Mr. LAUTENBERG, the name of the Senator from Vermont [Mr. JEFFORDS] was added as a cosponsor of Senate Resolution 24, a resolution to express the sense of the Senate regarding future funding of Amtrak.

SENATE RESOLUTION 40

At the request of Mr. DOLE, the names of the Senator from Pennsylvania [Mr. HEINZ] and the Senator from Maine [Mr. COHEN] were added as cosponsors of Senate Resolution 40, a resolution to prohibit the receipt of honoraria by Members, officers, or employees of the Senate on or after the first day that there takes effect any increase in the salaries of Members, officers, or employees of the Senate as recommended by the Commission on Executive, Legislative, and Judicial salaries and included in the budget transmitted by the President to the Congress.

At the request of Mr. MITCHELL, the names of the Senator from Arizona [Mr. MCCAIN], the Senator from Washington [Mr. GORTON], the Senator from Oklahoma [Mr. NICKLES], the Senator from Montana [Mr. BURNS], and the Senator from Vermont [Mr. JEFFORDS] were added as cosponsors of Senate Resolution 40, supra.

At the request of Mr. KASTEN, his name was added as a cosponsor of Senate Resolution 40, supra.

SENATE RESOLUTION 50, AN ORIGINAL RESOLUTION REPORTED AUTHORIZING EXPENDITURES BY THE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. LEAHY, from the Committee on Agriculture, Nutrition, and Forestry, reported the following original resolution; which was referred to the Committee on Rules and Administration:

S. RES. 50

Resolved, That, in carrying out its powers, duties, and functions under the Standing Rules of the Senate, in accordance with its jurisdiction under rule XXV of such rules, including holding hearings, reporting such hearings, and making investigations as authorized by paragraphs 1 and 8 of rule XXVI of the Standing Rules of the Senate, the Committee on Agriculture, Nutrition, and Forestry is authorized from March 1, 1989, through February 28, 1990, and March 1, 1990, through February 28, 1991, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

SEC. 2. The expenses of the committee for the period March 1, 1989, through February 28, 1990, under this resolution shall not exceed $1,876,650, of which amount (1) not to exceed $4,000 may be expended for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202(i) of the Legislative Reorganization Act of 1946, as amended), and not to exceed $4,000 may be expended for the training of the professional staff of such committee (under procedures specified

by section 202(j) of the Legislative Reorganization Act of 1946).

(b) For the period March 1, 1990, through February 28, 1991, expenses of the committee under this resolution shall not exceed $1,914,132, of which amount (1) not to exceed $4,000 may be expended for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202(i) of the Legislative Reorganization Act of 1946, as amended), and not to exceed $4,000 may be expended for the training of the professional staff of such committee (under procedures specified by section 202(j) of the Legislative Reorganization Act of 1946).

SEC. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1990, and February 28, 1991, respectively.

SEC. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee, except that vouchers shall not be required for the disbursement of salaries of employees paid at an annual rate, the payment of long distance telephone calls, or for the payment of stationery supplies purchased through the Keeper of Stationery, United States Senate.

SEC. 5. There are authorized such sums as may be necessary for agency contributions related to the compensation of employees of the committee from March 1, 1989, through February 28, 1990, and March 1, 1990, through February 28, 1991, to be paid from the appropriations account for "Expenses of Inquiries and Investigations."

SENATE RESOLUTION 51, AN ORIGINAL RESOLUTION REPORTED AUTHORIZING EXPENDITURES BY THE COMMITTEE ON VETERANS' AFFAIRS

Mr. CRANSTON, from the Committee on Veterans' Affairs, reported the following original resolution; which was referred to the Committee on Rules and Administration:

S. RES. 51

Resolved, That, in carrying out its powers, duties, and functions under the Standing Rules of the Senate, in accordance with its jurisdiction under rule XXV of such rules, including holding hearings, reporting such hearings, and making investigations as authorized by paragraphs 1 and 8 of rule XXVI of the Standing Rules of the Senate, the Committee on Veterans' Affairs is authorized from March 1, 1989, through February 28, 1990, and March 1, 1990, through February 28, 1991, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

SEC. 2. The expenses of the committee for the period March 1, 1989, through February 28, 1990, under this resolution shall not exceed $1,123,937.

(b) For the period March 1, 1990, through February 28, 1991, expenses of the committee under this resolution shall not exceed $1,148,131.

SEC. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1990, and February 28, 1991, respectively.

SEC. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee, except that vouchers shall not be required for the disbursement of salaries of employees paid at an annual rate, the payment of long distance telephone calls, or for the payment of stationery supplies purchased through the Keeper of Stationery, United States Senate.

SEC. 5. There are authorized such sums as may be necessary for agency contributions related to the compensation of employees of the committee from March 1, 1989, through February 28, 1990, and March 1, 1990, through February 28, 1991, to be paid from the appropriations account for "Expenses of Inquiries and Investigations".

SENATE RESOLUTION 52, AN ORIGINAL RESOLUTION REPORTED AUTHORIZING EXPENDITURES BY THE COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. KENNEDY, from the Committee on Labor and Human Resources, reported the following original resolution; which was referred to the Committee on Rules and Administration:

S. RES. 52

Resolved, That, in carrying out its powers, duties, and functions under the Standing Rules of the Senate, in accordance with its jurisdiction under rule XXV of such rules, including holding hearings, reporting such hearings, and making investigations as authorized by paragraphs 1 and 8 of rule XXVI of the Standing Rules of the Senate, the Committee on Labor and Human Resources is authorized from March 1, 1989, through February 28, 1990, and March 1, 1990, through February 28, 1991, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

SEC. 2. The expenses of the committee for the period March 1, 1989, through February 28, 1990, under this resolution shall not exceed $4,981,973 of which amount not to exceed $30,900 may be expended for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202(i) of the Legislative Reorganization Act of 1946, as amended).

(b) For the period March 1, 1990, through February 28, 1991, expenses of the committee under this resolution shall not exceed $5,085,260, of which amount not to exceed $30,900 may be expended for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202(i) of the Legislative Reorganization Act of 1946, as amended).

SEC. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1990, and February 28, 1991, respectively.

SEC. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee, except that vouchers shall not be required for the disbursement of salaries of employees paid at an annual rate, the payment of long distance telephone calls, or for the payment of stationery supplies purchased through the Keeper of Stationery, United States Senate.

SEC. 5. There are authorized such sums as may be necessary for agency contributions related to the compensation of employees of the committee from March 1, 1989, through February 28, 1990, and March 1, 1990, through February 28, 1991, to be paid from the appropriations account for "Expenses of Inquiries and Investigations".

SENATE RESOLUTION 53—AUTHORIZING THE PRINTING OF ADDITIONAL COPIES OF A SENATE REPORT

Mr. PRYOR (for himself and Mr. HEINZ) submitted the following resolutoin; which was referred to the Committee on Rules and Administration:

S. RES. 53

Resolved, That there shall be printed for the use of the Special Committee on Aging the maximum number of copies of volumes 1 and 2 of its annual report to the Senate, entitled "Developments in Aging: 1988," which may be printed at a cost not to exceed $1,200.

NOTICES OF HEARING

SUBCOMMITTEE ON ENERGY RESEARCH AND DEVELOPMENT

Mr. FORD. Mr. President, I would like to announce for the Senate and the public that two hearings have been scheduled before the Subcommittee on Energy Research and Development in the Committee on Energy and Natural Resoruces.

The purpose of the hearings is to receive testimony on the Department of Energy's nuclear reactor research and development programs and on commercial efforts to develop advanced nuclear reactor technologies.

The hearings will take place on March 7, 1989, at 9:30 a.m. and March 9, 1989, at 9:30 a.m. in room SD-366 of the Dirksen Senate Office Building in Washington, DC.

Those wishing to submit written testimony for the printed hearing record should send it to the Subcommittee on Energy Research and Development, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC 20510.

For further information, please contact Mary Louise Wagner at (202) 224-7569.

Mr. FORD. Mr. President, I would like to announce for the Senate and the public that a hearing has been scheduled before the Subcommittee on Energy Research and Development in the Committee on Energy and Natural Resources.

The hearing will take place on Friday, February 24, 1989, at 10 a.m. in room SD-366 of the Senate Dirksen Office Building in Washington, DC.

The purpose of the hearing is to receive testimony on the Department of Energy's fiscal year 1990 budget request for Basic Energy Research Programs and the superconducting super collider.

Those wishing to submit written testimony for the printed hearing record should send it to the Subcommittee on Energy Research and Development, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC 20510.

For further information, please contact Ben Cooper at (202) 224-7569.

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. LEAHY. Mr. President, I wish to announce that the Committee on Agriculture, Nutrition, and Forestry will hold an oversight hearing in Sioux City, IA, on credit for agriculture and rural communities including implementation of the Agricultural Credit Act of 1987. The hearing will take place on February 13, 1989, at 2 p.m. in the Sioux City Convention Center.

Senator TOM HARKIN will preside. For further information please contact Mark Halverson of the subcommittee staff at 224-5207.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Committee on Banking, Housing, and Urban Affairs be allowed to meet during the session of the Senate Tuesday, February 7, 1989, at 10 a.m. to continue oversight hearings on the problems of the Federal Savings and Loan Insurance Corporation.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources be authorized to meet during the session of the Senate on Tuesday, February 7, 1989, at 10 a.m. to conduct a hearing on "AIDS Education, Care and Drug Development Oversight, I."

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. MITCHELL. Mr. President, I ask that the Select Committee on Indian Affairs be authorized to meet on February 7, 1989, beginning at 9:45 a.m., in 1324 Longworth House Office Building, on the fiscal year 1990 budget for Indian programs.

The PRESIDING OFFICER. Without objection, it is so ordered.

SPECIAL COMMITTEE ON INVESTIGATIONS

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Special Committee on Investigations of the Select Committee on Indian Affairs, be authorized to meet during the session of the Senate on February 7, 1989, at 10 a.m. to hold hearings pursuant to Senate Resolution 381, Section 21, agreed February 26, 1988.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on February 7, 1989, 2:30 p.m. to conduct a closed hearing to consider the Department of Energy's facilities for defense materials production.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

ALAN AND DIANNE KAY, 1989 VOLUNTEER FUND RAISING AWARD RECIPIENTS

● Mr. ROBB. Mr. President, I rise today to ask my colleagues to join with me in recognizing and honoring Alan and Dianne Kay, residents of McLean, VA, who are the recipients of the 1989 Volunteer Fundraising Award given by the National Society of Fundraising Executives—Washington Chapter. The society is a professional organization of more than 9,000 individuals who serve as fund raising executives for, or consultants to, institutions engaged in fundraising management.

I would like to share with my colleagues the noteworthy efforts that these two individuals have made toward raising money for cancer research.

Alan and Dianne Kay have distinguished themselves as Virginians whose fundraising efforts have made a difference. Most notably, for the past 7 years they have cochaired the American Cancer Society Annual Ball in Washington. Having raised over $6 million, Alan and Dianne have made it the largest single fundraising event for cancer in the world. The moneys raised have been used to support cancer research, education, and patient service programs.

The Kays also founded the Stanley G. Kay Memorial Award in the name of Alan's brother who died of cancer. This award pays special recognition to those individuals dedicated to aiding cancer research. Recipients of this award have included Dr. Vincent T. Devita, Jr., former Director of the National Cancer Institute at National Institute of Health; Dr. Armand Hammer, Ann Landers, Congressman Paul Rogers, and health care champion, Congressman HENRY A. WAXMAN from California.

Alan has been involved in other efforts to raise money for cancer research. This year Alan was chosen to serve on the American Cancer Society's national board of directors. He has also been chairman of the steering committee for the Holy Cross Hospital Hospice Center and is currently spearheading fundraising efforts for Georgetown University Medical Center-Lombardi Cancer Center.

Mr. President, I want to congratulate Alan and Dianne and I am certain that my colleagues will join me in recognizing their outstanding work and fundraising efforts for many worthwhile causes.●

THE ROYAL FLUSH

● Mr. GRASSLEY. Mr. President, Joan McShane has given a new meaning to the term "royal flush." Joan, a fourth, fifth, and sixth grade teacher in Davenport, IA, is not a gambler, but she knows what is at stake is worth a fortune. What is at stake are the minds of the young people in her care. Her tools for molding those minds—an everyday bathroom commode and a royal flush.

Interest and involvement in education and learning today is being challenged by modern televisions, VCR's, and high-technology video games. By utilizing a permanent fixture people use every day, Joan was able to motivate her students by providing a research project that caught their attention and touched their curiosity. Last fall I was lucky enough to be able to visit Joan's classroom and witness this fascinating project. It impressed me so much that I felt my colleagues should know about the ingenuity and accomplishments of Joan McShane.

Mr. President, at the conclusion of my remarks, I would like to insert into the RECORD Joan McShane's article entitled, "The Royal Flush," printed in the September 1987 edition of Science and Children magazine. The article Joan wrote gives the details of her project and discusses the changes witnessed in her students. This project, thought initially to be silly and in some instances embarrassing, changed from the students' standpoint to be exciting and challenging.

This article shows us that Joan McShane is the kind of teacher we need in our schools today. We need more educators who will enhance students' creativity and enrich the minds of our future proteges.

Mr. President, to honor Joan McShane's work, I ask that a copy of the article entitled "The Royal Flush" be inserted in the RECORD immediately following my remarks.

The article follows:

THE ROYAL FLUSH

(By Joan Braunagel McShane)

A full-sized toilet on a portable wooden stand faced my sixth-grade classroom for more than six weeks last year. Not since "All in the Family" audiences were treated to the sound on airways nationwide of Archie Bunker's commode flushing has an ordinary toilet been the subject of such unusual curiosity and comment. In this room, my at first skeptical but eventually enthusiastic students finished a research project, "The Royal Flush," on the subject of toilet tissue, an unprepossessing substance that they have made relevant and meaningful. Science/technology/society's goals in the john? Read on.

THE UBIQUITOUS THRONE

What project calling for motivation and original research, I asked myself, could be of universal interest to a multicultural, mixed level sixth-grade class? What had everyone in the class experienced but not yet necessarily understood? What problem with serious science implications could be approached through materials readily available in this midwest urban community? What did we all use?

Toilets and paper.

The six-week toilet-tissue test, the "royal flush," then began—softly—to take shape.

Our goals were to discover which toilet tissue would be best from two standpoints, ecological and practical. Specifically, the class wanted to find which tissue would break up fastest after it was flushed and thereby would be least likely to clog the household toilet's pipes (and, by implication, the nation's waterways). I wanted the students to learn how to gather data, compile them, and from that information make inferences that would lead to valid conclusions. Then, I wanted them to experience how to use this knowledge in good decision making—in this particular instance, which toilet tissue to purchase.

RUBE GOLDBERG, EAT YOUR HEART OUT

Now that we knew what we were going to do, the project moved quickly. After several attempts, a former student's father and I developed a closed cycle toilet, a royal gold and white commode installed, class center, on a portable 80-cm wooden stand. (See box, page 31, for construction details.) Its tank held 13 L of water, which flushed with better than average force through a drawer with a bottom of fine screen. The screen caught all the paper, while the water emptied into a large (56-L) school wastebasket.

ROLLING ALONG

After we put the toilet in place, the class began gathering toilet tissue. The students wrote letters and made personal visits to supermarket managers, staff, parents, and neighbors. Before the project was complete, 50 people in the community made contributions, and the classroom began to look like a toilet tissue factory. From the 149 rolls of tissue that the students collected, they tested 43 different tissues of differing brands and colors.

Students identified each incoming roll carefully; then, two students' particular responsibility was to stack the increasing number of rolls in alphabetical order according to brand names.

TOILET TESTS

While testing, the students arranged themselves throughout the room, singly or in pairs, at 13 work stations; however, each student maintained individual data for his or her task. This procedure allowed the children both to become particularly expert at given tasks and still come up with individual results.

During the weeks of testing, attendance was extraordinarily good because no one wanted anybody else "messing around in the data," as one student eloquently put it. As each group completed its task, it passed the experimental tissue on to the next group. (See Figure 1.)

Students at Station One unrolled 272 cm of tissue from each roll, the amount the children agreed was an average amount per sitting. (The students used numerous 272-cm strips for their own needs over a two-day period.) After Station One cut more 272-cm lengths for experimental purposes, Group Two divided the strips into quarters. The four pieces did not always break neatly at the perforations; as the students learned, tissue rectangles vary in area.

Group Three marked the tissue's brand on an index card and placed the card and tissue in a plastice bag, while Group Four measured each brand's and color's dry size (amount of space occupied) by stacking the folded tissue in a 1,000-ml beaker, packing it firmly, and recording the volume obtained. The tissue's next stop was a single student, our "ply person," who checked the number of layers of paper in each given sheet of tissue.

A student who worked as a cost and color recorder ran Station Six; he passed the tissue to another class member who tested for odor, softness, flaking, and powdering. This tester mentioned that several nights she awakened with the odor of the tissue still in her nostrils.

Finally, two students performed the last dry measurement, carefully weighing the tissue in a 500-ml beaker. After recording the results, they handed the tissue to the flusher.

FIGURE 1

Tissue	Color	Date	Cost	Ply	Physical observations	Dry weight	Wet weight	Difference in weight	Dry size	Wet size	Difference in size	General observations

WET WISDOM

Our research showed that, when it comes to toilet tissue, people are either crumplers or folders. The class elected to have its flusher crumple the tissue into the toilet bowl. After the flush had emptied all the water from the bowl, the flusher turned on the pump and set a timer for three minutes.

This time period allowed the tank to fill. It also gave each tissue the same amount of time to drip before the next group removed the residue from the fine screen filter in the drawer below the tank.

Those students charged with post-flushing operations took the drawer from the wooden stand and examined the flushed paper. They recorded how much the tissue had broken up, how the color appeared, and any unusual characteristics. The next group of students carefully removed the tissue from the drawer and replaced it in the 500-ml beaker to record its weight. Station Thirteen measured the tissue for its wet size in the same 1,000-ml beaker first used to measure it dry. The pump switch was turned off, and the toilet was ready to receive the next 272 cm of tissue—already processed through the preflush stations.

NEW AND UNIMPROVED

The students tested several of the tissues two or more times to check and recheck their results; their accuracy and reliability in testing, data gathering, and recording was gratifying. As the trials progressed over the six weeks, I observed the class begin to predict possible results from testing particular tissue. Although the students predictions became increasingly sophisticated, they were sometimes wrong. And one tissue defied almost all expectations.

The baby lotion it contained clogged the toilet and the pump and left an oily residue. The toilet maintenance crew complained in disgust that it took two days to clean up the mess.

CRAPPER AND BEYOND

While several groups continued testing the tissue, another studied the history of the toilet. They were surprised and delighted to learn of Sir Thomas Crapper's contribution to the modern toilet. (Sir Thomas invented the valve-less water preventer, which led to modern flush toilets, in England in 1882).

Several students wrote for and received information from manufacturers about the production of toilet tissue. One student called the toll-free number listed on a toilet tissue package and whispered to me that she had used the "toilet paper hotline." A survey team questioned the community about toilet paper preferences. At first, several of the children were reluctant to ask people about *toilet* tissue, but before the survey team completed its work, the same students had come to enjoy the questioning and had improved their interviewing techniques. The class was dismayed to learn that 42 percent of the people questioned indicated that texture largely determined why they purchased particular brands.

Very few buyers considered practical or ecological issues.

A TISSUE OF TRUTHS

After compiling all the data, the class spent days discussing the findings. When the students discovered that there are many

differences in how toilet tissue breaks up, they learned why some paper contributes to water pollution and waste more than others. Some tissues broke up well and retained little water; others flushed through in whole pieces and retained water like sponges. The students also discovered that cost didn't necessarily ensure quality (price tags varied from 17 cents to 49 cents a roll). And color slowed the paper's dissolution.

In spite of consumers' focus on texture, students learned that, functionally, soft tissue does not always indicate good tissue. Students were sometimes annoyed, sometimes bemused, sometimes merely interested to discover that their individual impressions of a given brand of tissue did not always correlate with final statistics. They eventally came to see that research is made up of many components, and, until all the facts are in, no conclusion can be more than tentative.

A PLETHORA OF PAPERS

We tested advertised brands as well as grocery-store generics. Students expressed surprise when some of the generics tested as well as or better than some of the popular name brands. Although they mostly studied household tissue, they also considered that used at one of the city's hospitals and an industrial brand favored by a local dentist.

Of course, they tested the school's brand, which took two flushes to leave the toilet bowl. Needless to say, the children were delighted to advise the school custodian about the results of that particular experiment.

As testing progressed, the students' attitudes about the project changed. What had begun for some as a rather silly (and for others, embarrassing) assignment had become a serious research project. Proud of their work and pleased with the attention and respect paid from the community, my sixth grade became a field-testing facility for toilet tissue.

Often, when a new tissue came on the market, someone brought it into the class for a test. "Here we go again." they moaned, but their actions indicated pride, not dismay. In the middle of the big testing project, it was not unusual for students to come in more than an hour before school started and stay an hour after it ended.

They couldn't understand why I couldn't be at school at 7:00 A.M. to meet my classes starting at 8:25. The students needed to get "an early start."

TISSUE TRIVIA

We gained many surprising fringe benefits of knowledge from the paper project. For instance,

The right way to hang the roll of tissue—in order to take advantage of its design—is to allow the paper to fall from the top.

The odor of the tissue comes from the cardboard core.

Some rolls have more paper than others.

Toilet tissue is made from both hard and soft woods.

The number of perforations per square varies with the brand (these data were obtained by actual count). Two-ply tissue is more resistant to dissolution than one-ply (these data were gathered by the ply person).

Some packaging makes tissue more accessible than others (data from the tissue catalogers).

AND THE WINNER IS . . .

At the conclusion of their flushing, measuring, surveying, recording, compiling, and discussing, student researchers wrote a seven-page report. But everyone's burning question—Which tissue flushes best?—remains unanswered. The nature of the solution lay in the needs of the audience—believe it or not, we do not all ask the same thing of toilet tissue!

For ecological and practical purposes, the class's observations and statistics showed one tissue to be superior; however, if soft texture were the primary virtue, another was the winner. So the students included a memo suggesting that people must decide what characteristics of toilet tissue were important to them before using the research information to choose a particular brand.

"The Royal Flush" generated a great deal of community interest. An engineer from the area who had in the past worked for one of the nation's largest and oldest paper companies spoke to the class. A local newspaper covered the study and published an article about it. Neighbors, parents, and educators came to see the students at work; school superintendents stopped by to flush. Colleagues from neighboring schools brought their students on field trips to see and use the classroom throne.

And several of the primary teachers in my building also expressed interest in the toilet, not only for scientific use, but also for social purposes—to teach toilet etiquette.

As for my students, I knew that they had learned much more than merely which tissue flushes best. One child summarized for us all, "I feel great about this project. We learned a lot, and it was fun."

TO FLUSH AGAIN

One day after the project had been, in a manner of speaking, completed, the class was discussing conservation of energy. One member of the group who had been doing research on toilets of the future mentioned that water conservation will probably some day force the use of a new kind of toilet. Another student shook his head in disbelief and asked, "Wow, Mrs. McShane, won't there have to be a different kind of toilet tissue from all those we have just tested?"

With some hesitation, I replied that I thought there would, realizing that compost, dirt, or chemical toilets undoubtedly will demand a tissue different from what we use today.

I glanced at the golden throne and realized that . . . (to paraphrase T.S. Eliot) in our end was a new beginning.

A COMMENDABLE COMMODE

Building a classroom toilet requires some rooting around for materials and a bit of mechanical know-how, but nothing insurmountable. Our model allows easy maintenance, easy transport, and duplicates the water flow and pressure of the average household toilet. A brief overview of our construction method follows.

For the frame, we used two-by-three boards for the four legs, with a piece of half-inch plywood for the top and another for the bottom. The finished frame stands 80 cm from the floor, is 68 cm wide and 75 cm long, and moves on four ball-bearing wheels attached to the four corners of the frame.

A drawer, measuring 34 cm wide, 50 cm long, and 10 cm deep, fits beneath the top of the frame. The bottom of the drawer has been replaced by fine mesh (1/32) window screen stapled to the drawer frame. Wooden slides built under the plywood top allow the drawer to be easily removed. Removal is very important, because it is in the drawer that tissue is caught, allowed to drain, and then removed for measurement. (A test tube brush can be used to remove very small pieces of flushed tissue caught in the screen. Water should be run through the screen frequently to keep it completely free of paper particles.)

A full-sized household toilet sits over a circular hole slightly smaller in circumference than the toilet base cut out of the top piece of plywood in the frame. A toilet flange sealed with a beeswax ring holds the toilet in place.

A large container must be placed under the toilet. Our 56-L school wastebasket was securely anchored to the plywood base with four wooden blocks nailed in place. These blocks keep the container from tipping when the entire apparatus is moved.

A pipe with a control valve is connected to the base of the toilet tank. One end of a long, rubber hose is attached to the bottom of the pipe; the other end of the hose is connected to the ¼-horsepower sump pump that sits at the bottom of the wastebasket. On a tee below the valve is a faucet where a hose can be attached for emptying the water storage container. The valve enables the tank to fill after each flush; the faucet makes emptying the water storage basket very simple. Fresh water can be put in the container with a hose connected to a fresh water supply.

Remember, all electrical connections must be grounded. The switch that operates the sump pump sits next to the toilet base; the outlet is beneath the plywood top of the platform.

This system worked well for us, but don't hesitate to introduce your own ideas to come up with an even more commendable commode for your classroom.

RESOURCES

Cohen, Daniel. (1982). "The last hundred years." New York: M. Evans.

Proctor and Gamble. Papermaking school packet. P.O. Box 599, Cincinnati, OH 45201; tel. 800-543-4080.

Wright, Lawrence. (1960). "Clean and decent." New York: Viking.

Zim, Herbert, and Kelly, James R. (1974). "Pipes and plumbing systems." New York: William Morrow.

(Joan Braunagel McShane, a fourth, fifth, and sixth grade teacher at Jefferson School in Davenport, Iowa, conceived of this project at a meeting cosponsored by the University of Iowa's Department of Science Education and the Iowa Utility Association. It follows the precepts of Science/Technology/Society instruction as defined by University of Iowa science educators. Toilet constructed by volunteer William Kott. Black and white photographs by Kim Koster of Iowa-Illinois Gas and Electric Company; color photographs by the author.)●

POOR MATH, SCIENCE SKILLS THREATEN U.S. PROSPERITY

● Mr. GLENN. Mr. President, I rise today to discuss an article which appeared in the Washington Post on February 1, 1989, regarding the science and math achievement of America's young people. This article disclosed some very disturbing news: This country does a poor job in teaching our young people mathematics and science. I ask that the entire article be printed in the RECORD at the end of my remarks.

An Education Department and National Science Foundation study of

math performance in six countries put American 13-year-olds at the bottom, below students from South Korea, Canada, Spain, United Kingdom, and Ireland. In fact, South Korean students performed at a level four times that of United States students. Similarly in science, United States students scored worse or no better than students in the three European countries and four Canadian Provinces as well as Korea.

Our scientific and technological leadership continues to be challenged by competitors throughout the world. The foundation of our international preeminence and our educational excellence is being eroded by a rising tide of mediocrity.

Last week I introduced S. 134, a bill to establish the Congressional Scholarships for Science, Mathematics, and Engineering Act which would provide an annual $5,000 scholarship to one female and one male high school senior in each congressional district to study science, mathematics or engineering at the college of their choice. While this action will not solve the serious problem facing us, it will serve as an incentive for students demonstrating the aptitude, desire, and commitment needed to succeed in these vital technological fields. It will redirect our focus on those areas of study which are essential to achieving economic stability and scientific advancement.

As our need for scientific and engineering personnel increases, we are facing a decline in our pool of qualified personnel. In business and in government, science is becomng the key to success. My bill addresses this problem. The challenge of international competition and technological change place a premium on the kind of long-term investment this legislation will provide. I urge my colleagues to cosponsor this important legislation.

The article follows:

[From the Washington Post, Feb. 1, 1989]

SURVEY OF MATH, SCIENCE SKILLS PUTS U.S. STUDENTS AT BOTTOM

(By Barbara Vobejda)

An international comparison of mathematics and science skills released yesterday shows American 13-year-olds scoring at the bottom, with South Korean students performing at high levels in math at four times the rate of U.S. students.

In both math and science, U.S. students also scored worse or no better than students in the three European countries and four Canadian provinces who also participated in the survey.

In math, 40 percent of South Korean students showed an understanding of measurement and geometry concepts, for example, compared to 9 percent of Americans, and 78 percent of South Korean students could solve two-step problems such as finding an average, compared to 40 percent of Americans.

In science, more than 73 percent of the students in South Korea could use scientific procedures and analyze science data—design experiments and draw conclusions, for example—compared to 42 percent of American students.

"Few comparisons are more odious than the ones embodied in this little book," said Bassam Z. Shakhashiri, assistant director for science and engineering education at the National Science Foundation. "The lack of preparation for further education and future employment that these American teen-agers demonstrated is nothing short of frightening."

The report, funded by the National Science Foundation and the Department of Education, compared math and science performance in the United States, South Korea, the United Kingdom, Ireland, Spain, and the Canadian provinces of British Columbia, New Brunswick, Ontario and Quebec. In New Brunswick, Ontario and Quebec, French- and English-speaking populations were assessed separately.

All students were given the same 63 math questions and 60 science questions, translated for non-English-speaking populations. About 1,000 American students participated in the survey, which was based on representative samples in each country.

The study was the latest evidence of low science and math achievement among American youngsters, particularly in contrast to their counterparts in many Asian countries. A 1986 study of fifth graders showed that even the highest-scoring Americans performed below Japanese of all levels. And a national study released last June found that nearly half of American 17-year-olds cannot perform math problems normally taught in junior high school.

Officials at the Educational Testing Service (ETS), which administered the study, tied the results to the nation's future economic position. "It's a pretty accurate prophesy of what the 23-year-olds of 1999 will be able to do," said Archie Lapointe, executive director of the Center for the Assessment of Educational Progress at ETS.

In math, the countries fell into three groups, with South Korean students achieving the highest average score, 568 on a scale of 1,000. The second tier included British Columbia, English- and French-speaking populations of Quebec and English-speaking students in New Brunswick. The third tier included English-speaking students in Ontario, the French-speaking population in New Brunswick, Spain, the United Kingdom and Ireland.

The lowest-ranking tier included French-speaking Ontario and the United States, where the average score was 473.9.

In science, participants fell into three groups, with British Columbia and Korea at the top, and the United States, Ireland and the French-speaking populations in Ontario and New Brunswick at the bottom. The other countries and provinces ranked in a middle tier.

Ironically, when asked if they are good at math, 68 percent of American students agreed, compared to 23 percent of South Korean students.

While the study did not analyze why students in some countries performed better than others, Albert Shanker, president of the American Federation of Teachers, argued at a news conference yesterday that very little science is taught in American elementary schools, and most elementary teachers have very little science background.

The study showed that the more time a student spent watching television, the poorer the performance in math and science. It did not assess whether frequent television watching caused poor performance.●

CONSUMER PRODUCT SAFETY COMMISSION

● Mr. GORTON. Mr. President, the Consumer Product Safety Commission is charged with protecting the public from unreasonable risks of injury from consumer products. Yet, in recent years, the agency has been so constrained by budget cuts and by indifference from many in the previous administration as to have been unable to discharge its responsibilities. The result has been tragic. Thousands of injuries and needless deaths have occurred that could have been prevented.

I ask that an article on the Consumer Product Safety Commission which ran last week in the Washington Post be printed in the RECORD. I recommend it to my colleagues' attention.

The article follows:

[From the Washington Post, Feb. 2, 1989]

THE LITTLE AGENCY THAT CAN'T

(By Dale Russakoff)

For eight years, the Consumer Product Safety Commission was Washington's domestic Nicaragua. Nobody declared war on the agency assigned to protect Americans from unsafe products; they just threw everything they had at it.

First they strafed its staff. There were about 975 employees in 1981; today there are 519. Then they imposed economic sanctions. In 1981, it had a budget of $42 million; today it has $34.5 million, almost exactly the price of running the Defense Department for one hour.

Then came the puppet government—a commission stacked with political conservatives who had no background in product safety.

The even took the agency's downtown building away. Today the commissioners, who used to meet in the K Street business district, hold court on the lower floors of a drab, Bethesda apartment building, overlooking a Giant Food loading dock and a bowling alley. (Actually, they don't hold court at all these days because the five-member commission has so many vacancies that it now lacks a quorum of three.)

It is not just consumer lobbies who think things have gotten out of hand. The American Academy of Pediatrics, which sees its share of childhood injuries, says the CPSC "has been emasculated." Bob Adler, associate professor at the University of North Carolina business school, calls it "a regulatory speck."

And a conservative appointed by former president Ronald Reagan said: "This whole place has been traumatized, tortured and drop-kicked around since 1981."

Here is what happens when an agency attempts to protect everyone in America from dangerous products with only $34 million a year:

The health and science staff discovered indoor air pollution threats from humidifiers and wanted to notify the public. It was decided that acting commission chairman Anne Graham would make a videotape for television stations across the country. But there wasn't enough money to rent a studio.

So Ken Giles, a public affairs officer, volunteered his home as the backdrop, and Graham drove there (in her own car) on Monday for the taping. The film required some deft editing, however, because one of Giles' young sons, who was upstairs at the time, began crying just as Graham was saying, "Obviously it's a risk to everyone who's inside. . . ."

It is not uncommon to find one person doing the work of two. Shelley Deppa, a psychologist with nine years' experience examining the safety of children's products, said she recently budgeted how many months it would take to accomplish the work she is assigned this year. She would need 24 months.

In an office jammed with crib headboards, defective rattles and commendations from the commissioners, she explained that she was supposed to finish a study by 1984 on children's head-entrapment. But, in between, she was diverted to investigate deaths and injuries from lawn darts, bunk beds, choking hazards, portable electric heaters, crib toys and more.

Its field staff slashed, the Washington staff has become its own roving inspection force, bringing in defective products to be investigated wherever it finds them. Graham brought in a prescription drug that didn't have a child-proof cap. Deppa spotted some toys that violated the CPSC choking standard in a craft shop. (She was on her honeymoon at the time.)

In the public affairs office, which has the key task of mailing out bulletins and brochures warning of safety hazards, the printing budget was cut about 50 percent in the last year, office director David Shiflett said. To try to keep pace, the office has shifted envelope-stuffing contracts to the D.C. Association of Retarded Citizens, which charges a cut rate.

Graham, 39, has been acting chairman since the departure last month of Terrence Scanlon, who was known to the agency's supporters as the enemy within. She has been meeting with employees in all divisions, sending out memos hailing Americans' right to know that products are safe and "looking for things I can do to let people know I really believe in our mission."

Graham, a Republican activist and protege of Reagan intimate Lyn Nofziger, came to the commission in 1986 with no experience in consumer products. But she has won respect as a consumer voice and is being widely greeted as a "new breeze" in these uncertain times. Many employees at her embattled agency said they are hopeful that President Bush's nominee to replace Scanlon will provide Graham with an ally who believes in their work.

But they are understandably reluctant to get too optimistic, and, in any case, the White House appears preoccupied with bigger agencies.

"Whenever a new commissioner was named, we used to say, 'This one couldn't be worse than the last one,' " a longtime staffer said recently. "Since 1981, we've been afraid to say that."●

HELSINKI COMMISSION CHAIRMAN NOMINATES CZECHOSLOVAK HUMAN RIGHTS ACTIVIST FOR NOBEL PEACE PRIZE

● Mr. DECONCINI. Mr. President, last October, Czechoslovak citizens demonstrated in Prague on the 70th anniversary of the founding of an independent Czechoslovak State. Armed with nothing more than the courage of their convictions, these people faced off against massive armored personnel carriers, milita units equipped with tear gas and water cannons, and an impressive array of antiriot squads. Each side nervously eyed the other, until finally the demonstrators broke into a spontaneous chant: "The whole world is watching you, the whole world is watching."

Indeed, the whole world has been watching Czechoslovakia these past few months. Time and time again, we have witnessed Czechoslovak citizens demonstrate their increasing dissatisfaction with a system that has been far too unresponsive to the will of the people for far too long. Unfortunately, this increased activism has only been met with increased repression on the part of the authorities.

Just a few weeks ago, citizens gathered in Prague to commemorate the death of Jan Palach, a young Czechoslovak who, 20 years ago, committed suicide by self-immolation to protest the Soviet-led invasion of Czechoslovakia. Their peaceful memorial was marred by the brutal intervention of security forces. In the end, over 800 people had been arrested by the authorities, some of whom still remain in prison.

Shocked by the overreaction of the officials, Frantisek Cardinal Tomasek wrote to Prime Minister Adamek, citing the source of the disturbances as "the defective leadership of the state in the past decades." He added that, because "the security organs used crude force against the expressions of peace loving citizens, they acted not only against our existing laws, but against humanity in general."

One of those people who remains in prison is Vaclav Havel, a world-renowned playwright. Mr. Havel is no stranger to prison, though. He had previously been sentenced to a 4½ year prison term for his work with the independent citizens' initative, charter 77, and VONS, the Committee for the Defense of the Unjustly Persecuted.

In spite of relentless harassment by the authorities, including imprisonment, repeated detentions, house searches, and confiscation of property, Havel has remained active in the struggle for human rights. In 1988, he became associated with several new Czechoslovak human rights initiatives. In particular, he has signed "Democracy for All," the manifesto of the Movement for Civil Liberties, which was established in October 1988 in order to promote political pluralism and democracy through peaceful means. He has also become a member of the Czechoslovak Helsinki Committee, created in November 1988, with the specific goal of monitoring and reporting on compliance with the Helsinki accords.

Vaclav Havel is now in prison, but he is not alone in his cause. In a dramatic move in Prague this week, over 700 of his colleagues—playwrights, producers, artists, and actors—signed a petition calling for his release and the release of others imprisoned because of the recent events. These signatories, many of whom are prominent leaders in Czechoslovakia's officially sanctioned cultural life, have threatened to refuse to work if Havel is not released.

For these people, like many others in his country, Vaclav Havel has become a symbol of an enduring and selfless commitment to human rights. In recognition of his tremendous efforts for fundamental freedoms and democratic reform, I, along with the cochairman of the Helsinki Commission, Representative STENY HOYER, have nominated Vaclav Havel for the 1989 Nobel Peace Prize.●

THE REAL ANGUISH OF ABORTIONS

● Mr. HUMPHREY. Mr. President, the Washington Post on February 5 published an enlightening piece by columnist Colman McCarthy describing the emotional effects suffered by women who have had abortions.

I ask that Mr. McCarthy's article be printed in the CONGRESSIONAL RECORD.

The article follows:

THE REAL ANGUISH OF ABORTIONS

(By Colman McCarthy)

Since 1973, when the Supreme Court legalized abortion, 20 million have been performed. About 20,000 have been done by Dr. Julius Fogel, 75, a Washington obstetrician-gynecologist. I've known him for more than 20 years, owing to his friendship with my wife, who had served as an obstetrical nurse in Fogel's hospital.

I spoke to him the other day when C. Everett Koop, the surgeon general, announced that the government would not be issuing a report on abortion's emotional effects on women. Not enough is known. Koop said that almost 250 studies "do not support the premise that abortion does or does not cause or contribute to psychological problems."

The reason I talked with Julius Fogel is that in addition to being an obstetrician-gynecologist he is also a psychiatrist, one of the few U.S. physicians to practice both crafts. If anyone has an opinion worth listening to—one based on something more than ideology or anecdotes—it is Fogel. Well-credentialed, and well-regarded in the medical community, he is a dispassionate observer.

"There is no question," he said, "about the emotional grief and mourning following an abortion. It shows up in various forms. I've had patients who had abortions a year or two ago—women who did the best thing at the time for themselves—but it still bothers them. Many come in—some are just mute, some hostile. Some burst out crying . . . There is no question in my mind that we are disturbing a life process."

Fogel's thoughts last week were identical with those he expressed in 1971 when I interviewed him on the same subject. That was two years before *Roe v. Wade,* and Fogel and others were doing what were then called "therapeutic abortions." He did not claim then, or now, that mental illness automatically follows an abortion. "Often," he said in 1971, "the trauma may sink into the unconscious and never surface in the woman's lifetime . . . [But] a psychological price is paid. I can't say exactly what. It may be alienation, it may be a pushing away from human warmth, perhaps a hardening of the maternal instinct. Something happens on the deeper levels of a woman's consciousness when she destroys a pregnancy. I know that as a psychiatrist."

Fogel, unfortunately, wasn't one of those consulted by Koop. The surgeon general says that he sought the views of 27 scientific, medical, psychological and public health experts. The impression left now is that the data aren't there to lead to any conclusion that he or anyone else should be acting on. It's close to unbelievability that a major medical procedure performed 20 million times in 16 years has somehow been left either unsufficiently studied or studied in a way that the results end in a draw.

Variables and uncertainties surely exist in the studies of abortion aftereffects, depending on everything from the woman's age and income to her religion and education. And it may be true, as Koop claims, that "scientifically you can't prove a thing." But since when is scientific certainty the credibility standard for deciding, as Julius Fogel has done, that people are hurting?

In "Aborted Women: Silent No More," David Ctionardon says in a chapter on the psychological impact of abortion that studies of the aftereffects are common. He sites seven, ranging from an American Journal of Psychiatry report on 500 women to a survey of available studies by the Royal College of Obstetricians and Gynecologists in England. The latter found, "The incidence of serious, permanent psychiatric aftermath [from abortion] is variously reported as between 9 and 59 percent."

Reardon states that "Even the most biased pro-abortion surveys admit that severe post-abortion psychological trauma does occur. . . . One researcher even claims that 'disablitating' psychiatric problems occur in 'only' 1 percent of aborted women. But dismissing even a 1 percent rate of disabling sequelae with an 'only' is obviously unjustifiable when the number of women undergoing abortions each year has reached such large proportions. If 'only' 1 percent of 1.5 million women suffer severe disabling psychic trauma from abortion, that means that each year 15,000 women are so severely scarred by post-abortion trauma that they become unable to function normally."

Whatever the numbers and percentages, the pending Supreme Court decision on a Missouri antiabortion law has become a bonfire heating the already inflammatory rhetoric on both sides. The National Abortion Rights Action League needs to lay off its preachments about "reproductive freedom" as if destroying fetal life is the problem-free pinnacle of feminist principle. On the other side, George Bush opposes abortion and calls for adoption. Is he calling also for federal money to help couples who would adopt children but who are in debt paying for the ones they already have?

One effort worth honoring is a new project begun this month by Archbishop Roger Mahoney of Los Angeles—a diocesan counseling program to help women deal with post-abortion stress. In Washington, Julius Fogel has long worked to counsel women. The two men have opposing views on the morality of abortion, but they come together in easing the anguish, whether or not it's scientifically proven.●

GREG BLAYDES

● Mr. McCONNELL. Mr. President, I would like to bring to the attention of my colleagues the accomplishments of an exceptional college student in my State. Mr. Greg Blaydes of Greensburg, KY, an agriculture student at Western Kentucky University, was named the most outstanding junior animal science student in the United States. This award was bestowed by the National Block and Bridle Association at the North American Livestock Exposition, the largest all breed livestock show in the world.

Greg stands out as a complete student who not only excels in the classroom, but participates in a tremendous number of other activities. In a decade when agriculture has experienced more than its share of problems and as a result lost some of the more brilliant students to other disciplines, Greg exemplifies the very type of student that agriculture needs.

Much too often in today's society it is the troubled young people that gain all of the notoriety. Therefore, I feel privileged to provide some notoriety to a very deserving young man for his contribution to the field of agriculture and to his community. He will surely prove to be an asset to the American farm community and be successful at whatever future endeavors he might undertake.

I would like to commend Greg for his hard work and subsequently congratulate him on this most distinguished award. I know that his parents, Mr. and Mrs. Edwin Blaydes, and the citizens of Greensburg, KY, are deservedly proud of this fine young man.●

BABY PROTECTION OF LAW

● Mr. HUMPHREY. Mr. President, the Union Leader, New Hampshire's daily newspaper, on February 4 printed an interesting piece by Charley Reese regarding abortion.

I ask that the article by Mr. Reese be printed in the CONGRESSIONAL RECORD.

The article follows:

SHROUD OF PRIVACY DENIES BABY PROTECTION OF LAW

(By Charley Reese)

I do not know if the Supreme Court will reverse the Roe vs. Wade decision which commercialized abortion on a vast scale, but it should.

Somehow the issue of abortion got injected into the politics of feminism. Those feminists who did so show themselves to be creatures of bizzarre and cruel fantasies passing for thought.

Allowing a woman to abort a female baby serves the purpose of proclaiming woman's equality with men? Bizarre. Equally bizarre is that occasional whimper from emasculated males that since the baby is carried in the woman's body, the fate of the baby is entirely a woman's problem. If that is so before birth, why not after birth? Are we to say that fathers bear no responsibility for children? I don't think even the most ardent feminist would join their docile eunuchs and go that far.

Whatever happened to humanity? To human problems?

Whether to kill or spare a human being is not a simple decision. What's wrong with Roe vs. Wade is that it designates by decree a class of human beings whose lives can be taken on whim.

Immediately an industry of death sprang up. Entrepreneurship and marketing know-how and lust for profit did for abortion what they did for underarm sweat. Teenage discounts. Abort now, pay later. We take Master Card, Visa, etc. Sell 'em, suction 'em, and send 'em home. Hire a lobbyist. Find a way to get federal money. Convince the suckers that this profitable industry is not a profitable industry but rather a sacred right of women, especially of the poor and the minorities. For the suckers with a little more education, the line is that this profitable industry is actually legal and a scientific method to achieve a better quality of life. For the fashionably atheistic or agnostic, the line is that opponents of abortion represent the dark forces of superstition bent on destroying science and returning people to the horrors of the dark ages.

Let us pause for a moment to dispose of that fradulent claim that a fetus is not a human being. Upon conception, the human life created is genetically complete. All that occurs after that is growth. All the mother contributes from that point on is food and oxygen. If it were not human life, no abortion would be necessary since the function of an abortion is to prevent the birth of a human baby by terminating its life and disposing of its remains.

These cold facts of science dictate a moral choice. Does one kill a human being for being an inconvenience? Roe vs. Wade made it legal to do so. The Supreme Court, however, has no moral authority. The Supreme Court conceivably could one day decree that it is legal to kill people who are inconvenient by reason of insanity, illness, mental retardation or age.

Courts determine matters of law but not of conscience. To forget that distinction always puts civilization in peril, for the law, ultimately, is dictated by politics. The law did not present an obstacle to the Nazis. It became the Nazis accomplice.

Note that before Roe vs. Wade and today, organized political efforts are at work, putting the lie to childlike notion that judicial decisions are arrived at in an Olympian laboratory by disinterested and neutral demigods.

All judges are politicians who wear black robes and who owe their jobs to politicians who won elections. Many of them are exhacks and fund-raisers. Don't be a chump and forget that.

As for the Constitution, it is silent on the subject of abortion. That's another thing wrong with Roe vs. Wade. To justify destroying the work of 50 legislatures, the court's majority concocted a right of privacy which is violated when the state prevents abortion.

That, too, is bizarre fantasy posing as thought. The government may invade my privacy to execute a search warrant, to determine my taxes, to tell me how far from my property line my garage may extend, to confiscate my property, but if I am a pregant woman, I am suddenly enveloped in the shroud of privacy which denies the baby the protection of the law.

Absurd.●

OPERATION RESCUE

● Mr. HUMPHREY. Mr. President, the Washington Post on February 5 printed a very interesting piece by columnist Nat Hentoff in defense of the antiabortion efforts of "Operation Rescue." Mr. Hentoff compares the participants in "Operation Rescue," who struggle against treating prenatal infants as property, with the 19th century abolitionists who struggled against treating Americans of African origin as property.

I ask that Mr. Hentoff's article be printed in the CONGRESSIONAL RECORD.

The article follows:

[From the Washington Post, Feb. 6, 1989]

CIVIL RIGHTS AND ANTI-ABORTION PROTESTS

(By Nat Hentoff)

Planned Parenthood recently assembled 13 distinguished civil rights leaders so that they might express their scorn for the notion that there is any moral connection between the Operation Rescue demonstrations "and the civil rights struggles of the 1960s."

The leaders—including Jesse Jackson, Andrew Young, Julian Bond, John Jacob, Mary King and Roger Wilkins—deplored the pro-lifers' "protests to deny Americans their constitutional right to freedom of choice. They want the Constitution rewritten." And in the unkindest cut of all, these leaders—once themselves demonstrators against laws they considered profoundly unjust—compared the nonviolent Operation Rescue workers to "the segregationists who fought desperately to block black Americans from access to their rights."

Actually, however, a more accurate analogy would link these pro-lifers to the civil rights workers of the 19th century, the Abolitionists, who would not be deterred from their goal of ensuring equal rights for all human beings in this land. They believed, as these 13 civil rights leaders later did, that social change comes only after social upheaval.

What the Abolitionists were opposing was the rule of law—ultimately underlined by the Supreme Court in its Dred Scott decision—that people of African descent, whether free or slaves, had "never been regarded as a part of the people or citizens of the State." They had no rights whatever. They were the property of their owners, no more. The Abolitionists did indeed want the Constitution rewritten.

Now, the pro-lifers, aware that the Supreme Court has declared itself in error before, are protesting the holding in *Roe v. Wade* that "the unborn have never been recognized in the law as persons in the whole sense." Although that decision also spoke of a time when the fetus becomes viable and then *may* be protected by the state, in fact we have abortion on demand.

As Justice Harry Blackmun said in *Doe v. Bolton*—decided on the same as *Roe v. Wade*—the mother's health is paramount, and that includes, among other things, "physical, emotional, psychological, familial" factors. Abortions can be obtained for these reasons, and more.

So, like the slave, the fetus is property and its owner can dispose of it. Increasingly, for instance, women are undergoing prenatal testing to find out the gender of the developing human being inside them. If it's the wrong sex, it is aborted.

Pro-lifers who maintain the fetus should have equal protection under the law are not limited to those driven by religious convictions. There is the biological fact that after conception, a being has been formed with unique human characteristics. He or she, if allowed to survive, will be unlike anyone born before. From their point of view, therefore, pro-lifers are engaged in a massive civil rights movement. In 16 years, after all, there have been some 20 million abortions.

Some pro-lifers, like some of the abolitionists, feel that nonviolence, however direct, is insufficient. They are of the order of John Brown. As noted by James McPherson in "Battle Cry of Freedom," Brown stalked out of a meeting of the New England Antislavery Society, grumbling, "Talk! Talk! Talk! That will never free the slaves. What is needed is action—action!"

Those relatively few—and invariably isolated—pro-lifers who follow John Brown's flag are surely not in the tradition of Martin Luther King, and the 13 civil rights leaders have reason to keep them at a far distance. But Operation Rescue, and similar demonstrations, are not violent. Entrances are blocked, and so they were in some nonviolent civil rights demonstrations. There is shouting, some of it not very civil, back and forth across the lines, but so there was in the 1960s.

The only actual violence connnected with Operation Rescue has been inflicted by the police, most viciously, in Atlanta where one of the Planned Parenthood's 13 civil rights leaders is mayor. A member of the Atlanta City Council, Josea Williams—himself a close associate of Martin Luther King—has said: "We who were the leaders of the movement in the '50s and '60s are now political leaders. And we are doing the same thing to demonstrators that George Wallace and Bull Connor did to us."

Twelve years ago, another associate of Dr. King argued against the *Roe v. Wade* thesis that a woman's privacy rights justify abortion. That, he said, "was the premise of slavery. You could not protest the . . . treatment of slaves . . . because that was private."

The civil rights leader who said that was Jesse Jackson—before he became a member of the pro-abortion congregation. By then, he was also a political leader.●

RULES OF THE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

● Mr. LEAHY. Mr. President, I submit for printing in the RECORD, the Rules of the Committee on Agriculture, Nutrition, and Forestry as required by rule XXVI, paragraph 2, of the Standing Rules of the Senate.

I ask that they be printed in the RECORD.

The rules of the committee follow:

RULES OF THE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

RULE 1—MEETINGS

1.1 Regular Meetings.—Regular meetings shall be held on the first and third Wednesday's of each month when Congress is in session.

1.2 Additional Meetings.—The Chairman, in consultation with the Ranking Minority Member, may call such additional meetings as he deems necessary.

1.3 Notification.—In the case of any meeting of the Committee, other than a regularly scheduled meeting, the Clerk of the Committee shall notify every member of the Committee of the time and place of the meeting and shall give reasonable notice which, except in extraordinary circumstances, shall be at least 24 hours in advance of any meeting held in Washington, D.C. and at least 48 hours in the case of any meeting held outside Washington, D.C.

1.4 Called Meeting.—If three members of the Committee have made a request in writing to the Chairman to call a meeting of the Committee, and the Chairman fails to call such a meeting within seven calendar days thereafter, including the day on which the written notice is submitted, a majority of the members may call a meeting by filing a written notice with the Clerk of the Committee who shall promptly notify each member of the Committee in writing of the date and time of the meeting.

1.5 Adjournment of Meetings.—The Chairman of the Committee or a subcommittee shall be empowered to adjourn any meeting of the Committee or a subcommittee if a quorum is not present within fifteen minutes of the time scheduled for such meeting.

RULE 2—MEETINGS AND HEARINGS IN GENERAL

2.1 Open Sessions.—Business meetings and hearings held by the Committee or any subcommittee shall be open to the public except as otherwise provided for in Senate Rule XXVI, paragraph 5.

2.2 Transcripts.—A transcript shall be kept of each business meeting and hearing of the Committee or any subcommittee unless a majority of the Committee or the subcommittee agrees that some other form of permanent record is preferable.

2.3 Reports.—An appropriate opportunity shall be given the Minority to examine the proposed text of Committee reports prior to their filing or publication. In the event there are supplemental, minority, or additional views, an appropriate opportunity shall be given the Majority to examine the proposed text prior to filing or publication.

2.4 Attendance.—(a) Meetings. Official attendance of all markups and executive sessions of the Committee shall be kept by the Committee Clerk. Official attendance of all subcommittee markups and executive sessions shall be kept by the subcommittee Clerk.

(b) Hearings.—Official attendance of all hearings shall be kept, provided that, Senators are notified by the Committee Chairman and Ranking Minority Member, in the case of Committee hearings, and by the subcommittee Chairman and Ranking Minority Member, in the case of subcommittee hearings, 48 hours in advance of the hearing that attendance will be taken. Otherwise, no attendance will be taken. Attendance at all hearings is encouraged.

RULE 3—HEARING PROCEDURES

3.1 Notice.—Public notice shall be given of the date, place, and subject matter of any hearing to be held by the Committee or any

subcommittee at least one week in advance of such hearing unless the Chairman of the full Committee or the subcommittee determines that the hearing is noncontroversial or that special circumstances require expedited procedures and a majority of the Committee or the subcommittee involved concurs. In no case shall a hearing be conducted with less than 24 hours notice.

3.2 Witness Statements.—Each witness who is to appear before the Committee or any subcommittee shall file with the Committee or subcommittee, at least 24 hours in advance of the hearing, a written statement of his or her testimony and as many copies as the Chairman of the Committee or subcommittee prescribes.

3.3 Minority Witnesses.—In any hearing conducted by the Committee, or any subcommittee thereof, the minority members of the Committee or subcommittee shall be entitled, upon request to the Chairman by the Ranking Minority Member of the Committee or subcommittee to call witnesses of their selection during at least one day of such hearing pertaining to the matter or matters heard by the Committee or subcommittee.

3.4 Swearing in of Witnesses.—Witnesses in Committee or subcommittee hearings may be required to give testimony under oath whenever the Chairman or ranking Minority Member of the Committee or subcommittee deems such to be necessary.

3.5 Limitation.—Each member shall be limited to five minutes in the questioning of any witness until such time as all members who so desire have had an opportunity to question a witness. Questions from members shall rotate from majority to minority members in order of seniority or in order of arrival at the hearing.

RULE 4—NOMINATIONS

4.1 Assignment.—All nominations shall be considered by the full Committee.

4.2 Standards.—In considering a nomination, the Committee shall inquire into the nominee's experience, qualifications, suitability, and integrity to serve in the position to which he or she has been nominated.

4.3 Information.—Each nominee shall submit in response to questions prepared by the Committee the following information:

(1) A detailed biographical résume which contains information relating to education, employment, and achievements;

(2) Financial information, including a financial statement which lists assets and liabilities of the nominee; and

(3) Copies of other relevant documents requested by the Committee.

Information received pursuant to this subsection shall be available for public inspection except as specifically designated confidential by the Committee.

4.4 Hearings.—The Committee shall conduct a public hearing during which the nominee shall be called to testify under oath on all matters relating to his or her suitability for office. No hearing shall be held until at least 48 hours after the nominee has responded to a pre-hearing questionnaire submitted by the Committee.

4.5 Action on confirmation.—A business meeting to consider a nomination shall not occur on the same day that the hearing on the nominee is held. The Chairman, with the agreement of the Ranking Minority Member, may waive this requirement.

RULE 5—QUORUMS

5.1 Testimony.—For the purpose of receiving evidence, the swearing of witnesses, and the taking of sworn or unsworn testimony at any duly scheduled hearing, a quorum of the Committee and each subcommittee thereof shall consist of one member.

5.2 Business.—A quorum for the transaction of Committee or subcommittee business, other than for reporting a measure or recommendation to the Senate or the taking of testimony, shall consist of one-third of the members of the Committee or subcommittee, including at least one member from each party.

5.3 Reporting.—A majority of the membership of the Committee shall constitute a quorum for reporting bills, nominations, matters, or recommendations to the Senate. No measure or recommendation shall be ordered reported from the Committee unless a majority of the Committee members are physically present. The vote of the Committee to report a measure or matter shall require the concurrence of a majority of those members who are physically present at the time the vote is taken.

RULE 6—VOTING

6.1 Roll calls.—A roll call vote of the members shall be taken upon the request of any member.

6.2 Proxies.—Voting by proxy as authorized by the Senate Rules for specific bills or subjects shall be allowed whenever a quorum of the Committee is actually present.

6.3 Polling.—The Committee may poll any matters of Committee business, other than a vote on reporting to the Senate any measures, matters or recommendations or a vote on closing a meeting or hearing to the public, provided that every member is polled and every poll consists of the following two questions:

(1) Do you agree or disagree to poll the proposal; and

(2) Do you favor or oppose the proposal.

If any member requests, any matter to be polled shall be held for meeting rather than being polled. The chief clerk of the committee shall keep a record of all polls.

RULE 7—SUBCOMMITTEES

7.1 Assignments.—To assure the equitable assignment of members to subcommittees, no member of the Committee will receive assignment to a second subcommittee until, in order of seniority, all members of the Committee have chosen assignments to one subcommittee, and no member shall receive assignment to a third subcommittee until, in order of seniority, all members have chosen assignments to two subcommittees.

7.2 Attendance.—Any member of the Committee may sit with any subcommittee during a hearing or meeting but shall not have the authority to vote on any matter before the subcommittee unless he or she is a member of such subcommittee.

7.3 Ex Officio Members.—The Chairman and Ranking Minority Member shall serve as nonvoting ex officio members of the subcommittees on which they do not serve as voting members. The Chairman and Ranking Minority Member may not be counted toward a quorum.

7.4 Scheduling.—No subcommittee may schedule a meeting or hearing at a time designated for a hearing or meeting of the full Committee. No more than one subcommittee business meeting may be held at the same time.

7.5 Discharge.—Should a subcommittee fail to report back to the full Committee on any measure within a reasonable time, the Chairman may withdraw the measure from such subcommittee and report that fact to the full Committee for further disposition. The full Committee may at any time, by majority vote of those members present, discharge a subcommittee from further consideration of a specific piece of legislation.

7.5 Application of Committee Rules to Subcommittees.—The proceedings of each subcommittee shall be governed by the rules of the full Committee, subject to such authorizations or limitations as the Committee may from time to time prescribe.

RULE 8—INVESTIGATIONS, SUBPOENAS AND DEPOSITIONS

8.1 Investigations.—Any investigation undertaken by the Committee or a subcommittee in which depositions are taken or supoenas issued, must be authorized by a majority of the members of the Committee voting for approval to conduct such investigation at a business meeting of the Committee convened in accordance with Rule 1.

8.2 Subpoenas.—The Chairman, with the approval of the Ranking Minority Member of the Committee, is delegated the authority to subpoena the attendance of witnesses or the production of memoranda, documents, records, or any other materials at a hearing of the Committee or a subcommittee or in connection with the conduct of an investigation authorized in accordance with paragraph 8.1. The Chairman may subpoena attendance or production without the approval of the Ranking Minority Member when the Chairman has not received notification from the Ranking Minority Member of disapproval of the subpoena within 72 hours, excluding Saturdays and Sundays, of being notified of the subpoena. If a subpoena is disapproved by the Ranking Minority Member as provided in this paragraph the subpoena may be authorized by vote of the members of the Committee. When the Committee or Chairman authorizes subpoenas, subpoenas may be issued upon the signature of the Chairman or any other member of the Committee designated by the Chairman.

8.3 Notice for taking depositions.—Notices for the taking of depositions, in an investigation authorized by the Committee, shall be authorized and be issued by the Chairman or by a staff officer designated by him. Such notices shall specify a time and place for examination, and the name of the Senator, staff officer or officers who will take the deposition. Unless otherwise specified, the deposition shall be in private. The Committee shall not initiate procedures leading to criminal or civil enforcement proceedings for a witness's failure to appear unless the deposition notice was accompanied by a Committee subpoena.

8.4 Procedure for taking depositions.—Witnesses shall be examined upon oath administered by an individual authorized by local law to administer oaths. The Chairman will rule, by telephone or otherwise, on any objection by a witness. The transcript of a deposition shall be filed with the Committee Clerk.

RULE 9—AMENDING THE RULES

These rules shall become effective upon publication in the Congressional Record. These rules may be modified, amended, or repealed by the committee, provided that all members are present or provide proxies or if a notice in writing of the proposed changes has been given to each member at least 48 hours prior to the meeting at which action thereon is to be taken. The changes shall become effective immediately upon publication of the changed rule or rules in the Congressional Record, or immediately upon approval of the changes if so resolved by the Committee as long as any witnesses who

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may be affected by the change in rules are provided with them.●

JULIA PAKE

● Mr. SHELBY. Mr. President, it is with a great deal of pleasure that I ask my colleagues in the Senate to join with me in recognizing a great Alabamian who celebrated her 75th birthday on February 6, 1989.

Julia Pake was born on February 6, 1914, in Selma, AL, and later moved to Montgomery, where she was educated in Montgomery County schools. Hard work and dedication allowed her to attend Huntington College to pursue her goal of becoming on educator. After serving Alabama in her capacity for 20 years as a teacher in the Montgomery school system, Julia retired in 1976.

A dedicated wife and mother, Julia Pake married Lee Pake, Sr., in 1936. Their two children, Jean and Lee Jr., are a tribute to their wonderful parents. Julia is also the grandmother of four grandchildren.

She is known to all as a compassionate and caring woman, a good friend and a concerned citizen. Julia left a remarkable legacy in the many students she touched throughout her career as an educator.

In addition to her unparalleled role in the field of education, Julia Pake's commitment to her community extended into the realm of civic and charitable endeavors. The Montgomery Realtor Association, the Montgomery Museum of Fine Arts, and the Temple Bethel Church Sisterhood Organization are just a few organizations that benefit by her participation.

I would like to wish Julia Pake many happy returns on this special occasion. I hope that her next birthday finds her happy, blessed and as prosperous as this one.●

INTERNATIONAL CULTURAL AND TRADE CENTER AND FEDERAL OFFICE BUILDING

● Mr. MOYNIHAN. Mr. President, last Friday, February 3, my Subcommittee on Water Resources, Transportation, and Infrastructure held a hearing on three of the most important Federal building projects ever to be authorized by Congress. One of these is the International Cultural and Trade Center and Federal Office Building to be built at the Federal Triangle site in Washington, DC.

Senator Charles H. Percy chairs the Presidential Commission which oversees this exciting undertaking. I ask that his testimony and accompanying documents be reprinted in the RECORD for the benefit of my colleagues.

The material follows:

TESTIMONY BY SENATOR CHARLES H. PERCY BEFORE THE SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS, FEBRUARY 3, 1989

Good morning, Mr. Chairman, members of the committee, and your very able staff. It is a great pleasure to be with you this morning in my capacity as Chairman of the United States International Cultural and Trade Center Commission. This is my first testimony since leaving the Senate in January 1985.

Having a lifelong involvement in foreign trade, for 28 years as a businessman and also during my 18 years in the Senate, I take this responsibility for promoting world trade, increasing cultural exchange and helping to globalize and internationalize the United States marketing efforts very seriously. This committee is to be congratulated for its leadership in launching such a unique and creative enterprise and I agree with President Reagan, who in his letter to me on April 13, 1988 said, "America faces no more important challenge than improving its competitive position worldwide. The International Cultural and Trade Center, under your leadership, will become an important symbol of our national resolve—public and private—to meet this challenge head on in a constructive, mutually beneficial manner." I ask that the complete text of the President's letter be included in the Record at this point.

THE WHITE HOUSE,
Washington, April 13, 1988.

Hon. CHARLES H. PERCY,
Charles Percy and Associates, Washington, DC.

DEAR SENATOR PERCY: Last August I signed P.L. 100-113, authorizing the United States International Cultural and Trade Center to be built within the Federal Triangle on Pennsylvania Avenue. The International Center will be the centerpiece of what I hope will be one of Washington's most significant Federal buildings.

I would like you to serve as a Member and Chairman of the International Cultural and Trade Center Commission, which will oversee the establishment, operation, and maintenance of the Center. Your background in business, government, and public service; your experience in foreign affairs, and your personal commitment to improving the United States' trade position make you ideally qualified to undertake this important initiative.

The Center provides a unique opportunity for America to develop creative reciprocal arrangements with other nations regarding trade, cultural exchange, and consular activities. The Center's program of informational, cultural, and educational events will provide a basis for expanding or improving accommodations for our Government's endeavors overseas.

You will have the wholehearted support of this Administration as you undertake this assignment. In particular, I am asking the Secretaries of State, Commerce, and Agriculture; the Director of the United States Information Agency, the United States Trade Representative, and the Administrator of General Services to give the Center special attention and to commit the necessary resources to make the project successful. I also believe that you will find the Congress, which passed the legislation unanimously, most eager to assist you with this project.

America faces no more important challenge than improving its competitive position worldwide. The International Cultural and Trade Center, under your leadership, will become an important symbol of our national resolve—public and private—to meet this challenge head on in a constructive, mutually beneficial manner.

Sincerely,

RONALD REAGAN.

I am proud now to introduce the other private sector members of the Commission who were able to join us this morning. First, I am joined at the table by the Commission's distinguished Vice Chairman, the Honorable Harry C. McPherson. Harry played an important part in bringing this exciting project into being when he served as President of the Federal City Council. We also have with us the Honorable Michael Gardner, attorney, Mr. Abe Pollin, entrepreneur, and Mr. Jud Sommer, finance executive. Mr. Donald Brown, developer, who also played an important role in the early days of this project, is out of town today and could not be with us. But these Presidential appointees plus nine ex officio members representing key Cabinet and sub-Cabinet agencies have been hard at work since last April 29th, when the Commission first met, organizing and putting the initial program in place. The Presidential appointees are appropriately bipartisan—three Republicans and three Democrats—and we are working together hard and well. Our Cabinet members have each attended at least one meeting and as often as not, when they could not be present, they were represented by the Deputy Secretary or the equivalent. Our legislation provides that we must meet at least three times per year. In the past ten months we have met formally eight times and approximately ten times informally. I am happy to report that we are off to an excellent hard working start with the Commission. We have benefitted, too from the excellent staff led by Ken Sparks and Mike Newell.

This morning, I will describe some of the programming concepts that are being developed for the Center—both for the long and short term—and, then ask for your counsel and assistance in resolving several items a few of which may require legislation.

Mr. Chairman, for a number of reasons, America has an extremely serious trade problem. We are importing more than we are exporting by more than $10 billion a month. And although significant progress was achieved in 1988, most experts feel that it will be extremely difficult to sharply reduce the deficit in 1989. Just what combination of policies can begin to bring our exports and imports into balance in the relatively short-term is a proper matter for debate. In the long run it is clear that America needs to strengthen its commitment to trade and to actively and aggressively involve more Americans in the process. Today fewer than 2,000 companies account for over 80 percent of all of our exports. Americans must become more export and foreign trade conscious. And that, Mr. Chairman, is where we feel the new Cultural and Trade Center can make its most significant contribution. We see as our central mission elevating the level of awareness of *all* Americans as to the importance of trade to their *own* individual and collective well-being. And since trade and cultural understanding are so inextricably bound together, the Center's proposed programs are designed to not only inform our people on the nuts and bolts of trade but to provide that information in as rich a cross-cultural setting as is humanly possible. Only by under-

standing other cultures—their customs, their needs and their desires—can we truly expect to increase the goods and services which we sell abroad. We intend to build on the excellent start underway with the Department of Commerce, "Export Now" program and the Small Business Administration's (SBA's) nine conferences that have been held across the country with the full support of ST&T.

With this in mind, we are proposing several exciting activities for the new Center and you have in front of you some illustrations that have been prepared to highlight each activity:

A One-stop Trade Information Center—where it will be our goal to be able to answer 90 percent of all of the questions that business executives might ask about getting involved in and strengthening their own foreign activities. And we would arrange through the Center to help the prospective trader get the answers to the other 10 percent of his questions. This will be a public-private partnership involving federal resources from Commerce, Agriculture, the Trade Representative, the Export Import Bank, Customs the Small Business Administration and a host of other departments and agencies, as well as international organizations such as the World Bank and the IMF and private sector groups such as the U.S. Chamber of Commerce, the National Association of Manufacturers and others. Just one example: The Department of State would issue passports at the Center and those foreign nations requiring visas could issue them at the Center, saving days of cross-town travel.

A Trade and Cultural Conference Center—where actual trade negotiations as well as conferences and meetings will take place. We hope to use the newly renamed Mellon Auditorium which will be interconnected with the Center as a principal meeting hall for this activity. These facilities will be fully equipped with translation services and information systems.

An Education and Training Center—where business people can learn how to trade and how to win friends and markets overseas. Courses would be taught on trade policy, trade finance, trade operations, area studies and language. Working with existing institutions we believe it will be possible to provide thousands of business men and women with badly needed training each year. In addition we hope to work with groups such as the Close Up Foundation, the great universities, institutions and "think tanks" uniquely located in the Nation's Capital to provide learning experiences for thousands of students and young people each year.

A Reception Center—where those countries which lack adequate facilities or all others who wish to, can host a state dinner with appropriate decorum and security. Also, we envision a club facility as part of the reception center where government officials, diplomats and the international community can meet, inform, and entertain one another.

Chancery Annex Office Space—where commercial attaches, consular officials, cultural attaches, trade and other missions as well as representatives offices from international organizations and from each of the 50 states, territories, and major cities will maintain information offices.

An International Exhibit Center—where each of the regions of the world will be represented with a permanent exhibit area featuring a major attraction designed to showcase that part of the world. Around the central attraction, countries will be allowed to have exhibits which promote their culture, their trading interests and tourism. In addition, more than 30,000 square feet of exhibit area will be reserved for special showings of artistic, cultural or trading significance. This area might be used in conjunction with a particular visiting dignitary or it might also be used by institutions such as the Smithsonian or the National Gallery for appropriate international functions.

Specialty shops where merchandise and foodstuffs from around the world will be available for sale. Roughly 130,000 square feet have been reserved for this function, which would make it roughly equal to the Shops area in the Marriott Hotel complex and a little larger than the expanded retail area in the Old Post Office. We believe that the combination of exhibits and specialty retail will be an important international learning experience for millions of Americans who have not had the opportunity to travel abroad or experience these things first-hand.

And, finally—An International Performing and Cinema Arts Center—where the world's great artists and more specialized attractions can be presented on a regular basis. We have planned a 1,500-2,000 seat performing arts theater that could be available for instance—for the celebration of each country's "National Day", or for states' days or other state functions, two film theaters, a rehearsal hall which could also be used for special presentations and a IMAX or special film facility where the trading equivalent of the Smithsonian's "To Fly" would be playing constantly.

And, Mr. Chairman, I should point out that the reciprocity provisions of the Foreign Missions Act which I was pleased to cosponsor would apply to foreign government activity in the Center. In other words, as we provide space to service the needs of foreign governments, we will have the right to seek similar accommodations or some other quid pro quo for our own activities in those countries.

Mr. Chairman, we believe that this combination of facilities in conjunction with compatible U.S. Government offices space such as the State Department's Passport Office, U.S.I.A., (which would include World Net and the Voice of America from which visiting Chiefs of State could conveniently televise and/or broadcast to their own countries), the Woodrow Wilson Center, parts of the Departments of Commerce and Agriculture will make for precisely the kind of internationally focussed program which this country so badly needs and which your committee envisioned. My only regret is that it will take us approximately five years to have the building and these programs ready to go. But you are cordially invited not only to our ground breaking but also to our official opening.

In the meantime, though, we have already offered to work with the Bush Administration to see what kind of programming we can do that would both help America's trade situation now and set the stage for the more comprehensive programming we will be able to undertake in the future. For example, we are exploring hosting a major conference of top business leaders in what we are calling an Export Mobilization Conference later this Spring. We would hope to undertake many conferences and educational programs each year until the Center opens in 1994.

As you can see from this listing of programming concepts, we have been very active during the past ten months, Mr. Chairman, and we will be even more active in the months ahead. I want to compliment the Commission members for their support. I also want to thank the hundreds of volunteers from Roger Stephens and Ambassador Wachtmeister, to many lesser known but terribly knowledgeable people who have helped with this planning. And, of course, I want to state for the record how much we have enjoyed working with our partners in the enterprise—the Pennsylvania Avenue Development Corporation and the General Services Administration. Hank Berliner has been a superb chairman of PADC and we look forward to working closely with Richard Hauser, the new chairman, in the future. The Acting Administrator of GSA—Dick Austin—has been extremely helpful to us as has been his National Capital Regional Administrator Dick Hadsell. And we thank the Aspen Institute and its able President David McLaughlin for cosponsoring at the Wye Plantation a stimulating conference on the goals and objectives of the ICTC.

And finally, I would like to suggest some areas where we need some help from the Committee and from the Congress in order to develop the Center to its fullest potential. First, it is necessary to resolve quickly the matter of the Federal tenancy. As you know, there apparently was some misunderstanding at the time this legislation passed Congress as to whether the Department of Justice was to be accommodated in the Center as the major tenant. Attorney General Meese and the then GSA Administrator signed a memorandum of understanding in March 1988 that would have given nearly all of the Federal office space in the Center to the Justice Department for consolidation of its operations. As I mentioned earlier, the Commission did not come into existence until April 29, 1988 so it was not a party to this agreement. As soon as the Commission was advised as to the nature of the agreement, it voted overwhelmingly to seek USIA as the principal U.S. tenant and to help the Justice Department consolidate elsewhere in the City. You and the leadership of this Committee as well as the leadership of the House Public Works Committee and many other key Congressmen and Senators have come forward to firmly support the ICTC Commission on this matter, but to date the issue is unresolved.

We believe that GSA Director Austin has done all that he could to accommodate the Justice Department but so far without success. The Department of Justice has not seen fit as yet to consider other alternatives. Needless to say we believe that the Center cannot succeed in its mission if space in the Center is occupied to any significant extent by the Department of Justice. Foreign governments simply will not participate with us in this endeavor under those circumstances any more than we would if some government were to present us with a similar offer. The Justice Department, on the other hand, does need to consolidate its activities, and anything the Committee can do to help the Department get consolidated will be appreciated.

We will also need the Committee's help this year with some corrective amendments to the enabling legislation. Many of these were anticipated by the Committee at the time the legislation was being considered. For example, it was impossible to know at the time just how the Commission would wish to organize or what level of funding it would require. As an interim step, a limita-

tion of 15 staff positions, only ten of which could be direct hires, was imposed until the Commission could get organized and describe what would be required to operate. Likewise, an annual limitation of one million dollars to be provided through reprogrammings by our constituent agencies was established as a spending ceiling. Although the Commission can live with these ceilings through September of this year, it is clear that we will need relief to operate effectively next year. We have a management study underway to determine just what staffing and financial needs are anticipated. Peat Marwick is working with us on this and we would expect to be able to share the results within a couple of weeks. Preliminarily, I would expect that we will be asking for a small appropriation annually until the Center is established and able to sustain the Commission's activities.

I also suspect that we will want to operate the day-to-day activities of the Center more like the Kennedy Center or the Smithsonian, as a non-profit entity rather than as a government agency. I would anticipate recommending that the Commission be retained to set policy and to account for Federal funds, but that a non-profit be chartered to handle daily operations. It is our belief that the many business and artistic decisions that the Center will have to make can be better accommodated in that manner.

I also feel that consideration should be given to adding the Secretary of Treasury and the Secretary of Labor to the Commission as ex-officio members. These two important Cabinet officers are key resources for us in planning our trade programs.

Finally, the limitation of ICTC activity to 500,000 occupiable square feet should be removed. The limitation was intended to assure that Federal office space would be the predominate use of the building and that objective will clearly be met. It will simply make program planning and future operations smoother, if we can be guided by project needs rather than by an arbitrary space allocation.

Once again I want to commend you, Mr. Chairman, for your leadership on this important initiative and I hope you share with us the excitement we feel that the Center offers a long term solution to the problem of how to deal with the trade crisis and make America truly competitive once again.

We look forward to working with you and your staff in shaping the necessary legislation for your consideration early this year.

My fellow Commissioners and I will be happy to respond to any questions you may have.

I ask that the list of members of the ICTC Commission be placed in the record at this point.

U.S. INTERNATIONAL CULTURAL AND TRADE CENTER COMMISSION MEMBERS

Hon. Charles H. Percy, Chairman.
Hon. Harry McPherson, Vice Chairman.
Mr. Donald A. Brown.
Hon. Michael R. Gardner.
Mr. Abe Pollin.
Mr. Judah C. Sommer.

EX OFFICIO MEMBERS

Secretary, Department of State.
Secretary, Department of Commerce.
Secretary, Department of Agriculture.
U.S. Trade Representative.
Administrator, General Services Administration.
Director, United States Information Agency.
Chairman, Pennsylvania Avenue Development Corporation.
Mayor, District of Columbia.
Chairman, National Endowment for the Arts.

COMMISSION STAFF

Kenneth R. Sparks, Organizing President.
Michael B. Newell, Organizing Executive Vice President.

● Mr. D'AMATO. Mr. President, I rise today to pay tribute to a very unique school, located in my home State of New York, on its centennial celebration. Webb Institute of Naval Architecture, of Glen Cove, Long Island, is the oldest school of naval architecture and marine engineering.

The school is academically competitive—comparable to MIT and CalTech, and also very selective—Webb's total enrollment is approximately 80. This allows the school to focus all its energies and resources toward its single degree—a bachelor of science in naval architecture and marine engineering. The academic program includes a unique combination of both classroom and practical hands-on training. Its funding is also unique—due to its endowment and other sources of income, Webb Institute is able to operate as one of only three tuition-free private colleges.

In 1989, this prestigious institution celebrates its 100th anniversary. It was originally chartered as Webb's Academy, and founded on April 2, 1989, at Fordham Heights in the Bronx. Webb's Academy became Webb Institute of Naval Architecture in 1920, and 27 years later moved to its present campus in Glen Cove.

Throughout 1989, the school's students, alumni, parents, faculty, and friends will participate in various festivities honoring Webb Institute. I am pleased to join them in their celebration, and am sure that my colleagues join me in wishing them another successful 100 years of academia.●

NEGOTIATED RULEMAKING ACT OF 1989

● Mr. GLENN. Mr. President, I rise today in support of S. 303, The Negotiated Rulemaking Act of 1989, which was introduced on January 31. This bill largely reflects the excellent work of Senator LEVIN, who is a member of the Governmental Affairs Committee, which I chair. The committee held hearings last Congress on a bill quite similar to this one and reported it to the full Senate, where it passed unanimously by voice vote. Senator LEVIN has long advocated negotiated rulemaking as an alternative to the adversarial process that, at present, characterizes much of agency rulemaking. I commend him for his sustained support for this vital issue of good governance.

Negotiated rulemaking, sometimes called regulatory negotiation—or reg neg—is a process by which an agency develops a rule through convening a committee composed of representatives of the affected interests. The basic notion is that if these representatives sit down together and make a commitment to find areas of agreement, regulations can be designed which are of better quality and which are less susceptible to challenge because the affected parties have participated in their development and have a stake in their success. This approach presents an alternative to the present rulemaking procedure which, under some circumstances, may encourage affected businesses, interest groups, and agencies to adopt extreme positions and adversarial relationships with respect to rules being developed without face-to-face negotiations.

Federal agencies have engaged in successful negotiated rulemakings on a number of occasions. The Environmental Protection Agency has taken the lead in the Federal arena, with negotiations on wood burning stoves, nonconformance penalties for vehicle emissions standards, standards for the protection of farmworkers from pesticide hazards, regulations for permit modifications for hazardous waste facilities, abatement of asbestos in schools, emergency exemptions from pesticide regulations, and underground waste injections. Other agencies which have tried or are in the process of trying negotiated rulemaking include the Federal Aviation Administration—pilot hours, seating disabled airline passengers; the Occupational Safety and Health Administration—worker exposure to benzene and methylenedianiline; the Federal Trade Commission—implementation of the Magnuson-Moss Act; and the Nuclear Regulatory Commission—management of records related to radioactive waste repositories. Some of these negotiations have resulted in proposed rules; others have not. But even where the parties have not reached final agreement on a rule, experience has shown that they are likely to have resolved some areas of conflict and benefited from the exchange of information on the positions and objectives of the other affected parties.

Although agencies are now free to use negotiated rulemaking, some are apparently reluctant to do so without statutory guidance. In addition, confusion sometimes arises over how the negotiated rulemaking process dovetails with normal rulemaking procedures, the Administrative Procedure Act, and the Federal Advisory Committee Act. Agencies and parties asked to participate in negotiated rulemakings have also, on occasion, expressed desire for assistance with the process.

This bill lays out a basic framework for negotiated rulemaking when an agency decides to employ that procedure. It also assigns the Administra-

tive Conference of the United States [ACUS], an independent Federal agency charged with making regulation more efficient, the responsibility to act as a clearinghouse for information and assistance.

Under the bill, to engage in negotiated rulemaking, an agency would establish an advisory committee with representatives of the agency and the affected interests. The advisory committee would be chartered and operate under the provisions of the Federal Advisory Committee Act to assure openness, proper recordkeeping and cost controls. The rulemaking committee would conduct its negotiations under the leadership of a mediator or facilitator who would assist the parties in reaching consensus on a rule. If the parties do achieve consensus, the agency would publish the rule in the Federal Register, in a Notice of Proposed Rulemaking under existing procedures for public notice and comment. If the parties do not reach final agreement on a rule, they file a report summarizing the issues they were able to resolve and explaining their conflicting concerns.

I strongly urge my colleagues to support the Negotiated Rulemaking Act of 1989. It presents a considered and effective alternative to contentious and litigious rulemaking, which unfortunately dominates much of our regulatory agencies' work.●

CAPITAL GAINS UPDATE

● Mr. BOSCHWITZ. Mr. President, I would like to share with my colleagues a copy of a recent column by Jodie T. Allen, which appeared in the Washington Post several weeks ago. It describes one way that a capital gains tax cut could be accomplished. Quite simply, Mr. Allen proposes that marginal tax rates on short-term capital gains be increased as the price for enacting a reduction in long-term capital gains rates.

As my colleagues will recall, the Tax Code used to allow a 60-percent exclusion for capital gains. After tax reform, capital gains are treated no differently for tax purposes than ordinary income. As a consequence, investors are more likely to avoid riskier, long-term investments and opt for investments favoring a current return.

In the 99th and again the 100th Congress, I introduced legislation (S. 444) to restore a two-tier tax on capital gains. For assets held more than 1 year, my proposal would allow a tax exclusion of 40 percent of the capital gain, and for those held more than 3 years, a 60-percent exclusion. I plan to reintroduce my bill again this year.

As one of the founders of the Capital Gains Coalition here in Congress, I am anxious to hear debate on alternative approaches to reducing the capital gains tax rate. The Capital Gains Coalition, which began meeting early in the 100th Congress, represents a bipartisan effort to reduce the rate on capital gains. The coalition recently held its organizational meeting for the 101st Congress and is off to a good start. I encourage those of my colleagues with an interest in this issue, to join the coalition.

As a businessman, I well know the importance of the capital gains exclusion. We must encourage long-term investment and restore a system which does not punish those who have built their own business or farm, or attempted to plan for their retirement.

Mr. President, I ask that Mr. Allen's column, "How the Bush Administration Could Achieve a Capital Gains Tax Cut," be printed in the RECORD.

The article follows:

HOW THE BUSH ADMINISTRATION COULD ACHIEVE A CAPITAL GAINS TAX CUT

(By Jodie T. Allen)

During his campaign, George Bush floated the idea of cutting the tax on capital gains to a scant 15 percent from its current maximum of 33 percent. That idea seems likely to get short shrift from a Congress that sees ahead the grim task of raising, rather than cutting, taxes to reduce the budget deficit. But Bush might end up getting at least part—the better part—of what he wants if the issue of capital gains were taken up in a nonbudget context.

A capital gains tax revision plan that combined a cut in taxes on long-term investment gains (for everyone) with a hike in the levy on short-term gains (for the very rich) could possibly win both White House and Capitol Hill support. The most likely opportunity for the development of such a plan would be in the course of hearings—already scheduled by the tax-writing committees in both houses—on the recent rash of mergers, acquisitions and leveraged buyouts that has rocked financial markets.

Bush has already made a good start toward amicable dealings with key congressional members and committees. Ways and Means staffers were both surprised and charmed when, on their first day of business this year, Bush dropped by to chat briefly and cordially with not only the committee's powerful chairman, Dan Rostenkowski (D-Ill.), but a handful of the top committee aides as well.

Committee staff generally accept the idea that ultimately a budget package will be worked out that will include some revenue hikes. But given Bush's still-adamant opposition to any tax increases, they wonder how that will come about.

"I can see where we're going," said one Ways and Means aide, "but I still can't see how we're going to get there from here."

The aide concedes, however, that the capital gains tax revisions might conceivably be taken up in a nonbudget context. And the peculiar structure of the tax—as it emerged from the 1986 tax overhaul—provides ample reason for revision on the grounds of both equity and efficiency.

The equity problems arise from the peculiar rate structure put in place in 1986. In order to provide the lowest possible income tax rate for very wealthy individuals—who benefitted most from the tax shelters that the measure sought to eliminate—but also keep revenue losses within bounds, the tax writers introduced a "bubble" in the rate schedule.

For example, single individuals with taxable income above $43,150 face a federal tax rate of 33 percent on income between that level and $100,480. For a married couple, the 33 percent rate applies to taxable income between $71,900 and $171,090. The tax rate then falls to 28 percent on income above those upper limits and stays there indefinitely.

Tax committee staffers point out that the situation, though anomalous, isn't completely unfair because taxpayers with total income in the 33 percent marginal tax range still have at least slightly lower average tax rates than, say, Donald Trump or Leona Helmsley. Moreover, at least in the popular view, the 33 percent income range is heavily populated with free-spending yuppies, who are nobody's favorite charity.

The bubble's strange properties are thrown into sharper relief when one considers the situation of a family of relatively modest income that decides to take a one-time capital gain on a long-held asset—say, a block of stock or piece of property. Perhaps even more likely, the asset in question is a fair-sized home owned by a couple whose children—an asset that represents the couple's main store of accumulated wealth.

Capital gains, remember, now count as ordinary income for tax purposes. Even if the couple is eligible to take its once-in-a-lifetime $125,000 exclusion on the sale of a house, today's high real estate prices could very well push the couple into the 33 percent tax bracket. And so, the couple might end up forking over one out of three dollars of much of the profit to Uncle Sam (plus another cut for local tax authorities). Meanwhile, the high-flying Wall Street arbitrageur pays only 28 percent on the several-million-dollar profit he made on last week's stock market gamble.

The situation seems especially unfair since the apparent capital gain realized on the long-held asset may, thanks to inflation, actually be a capital loss. The purchasing power of the dollar has fallen by roughly half since 1975. Stock bought that year for, say, $50,000 and sold this year for $100,000 has not, in fact, appreciated at all. It returns no real gain to the seller.

But under current law, that seller might still have to pay a tax of up to 33 percent on his nominal gain. This is hardly an encouragement for the sort of long-term investment which, presumably, the president-elect hopes to encourage by his proposal to cut capital gains rates.

On the other hand, the raider or greenmail artist is presumably not the sort of investor whose welfare most concerns Mr. Bush. Indeed, many well-respected financial analysts and executives see considerable danger in the proliferation of novel financial instruments, as well as the merger, acquisition and leveraged-buyout mania that, quite apart from any fundamental benefits that may ultimately accrue from corporate reorganizations, generate enormous profits for deal-makers, brokers, lawyers and other middlemen.

Writing in the Outlook section of the Post this month, Wall Street guru Henry Kaufman and former Treasury secretary Michael Blumenthal both recommended a boost in taxes on short-term gains to refocus financial markets on long-term values. And Leslie Douglas, a governor of the Securities Exchange Association, further recommended taxing short-term profits of tax-exempt in-

stitutions, which now provide much of the capital for speculative ventures.

One way to address all these concerns would be to: 1) raise and extend the tax on all short-term capital gains to the 33 percent that now applies to only a few recipients; but 2) adjust the long-term capital gains computation to take account of the value-eroding effect of inflation. That's a reform that tax experts—and legislators such as Sen. William Armstrong (R-Colo.) and Rep. Bill Archer (R-Tex.) have long recommended.

A conceptually perfect job would require indexing other forms of investment income as well and would be overly complex and, possibly, expensive to the Treasury. But introducing even a crude approximation into the tax code would be a great improvement over the current regime with its perverse incentives and peculiar impacts. And if, in the process, some extra revenue dollars found their way into the federal treasury, who would complain?

CLOSED CAPTION BROADCASTING OF SENATE FLOOR PROCEEDINGS

● Mr. LEAHY. Mr. President, for the more than 20 million Americans who are hearing impaired, the only way to follow a Senate debate is to read it in the CONGRESSIONAL RECORD—the day after it takes place. The Senate voted over 2 years ago to televise Senate floor proceedings, but that agreement did not provide for closed caption broadcasting for the hearing impaired.

Closed captioning is a process by which the audio portion of a television program is translated into captions, or subtitles, which appear on the TV screen. Hearing impaired viewers can then read what they cannot hear. The subtitles can only be seen on a TV set equipped with a special decoding device.

Closed captioning brings television's world of information, learning and entertainment to individuals with hearing impairments. It is a wonderful technology.

I believe it is time to use that technology to allow individuals with hearing impairments to participate more fully in their government. That is why I am very pleased to be an original cosponsor of Senator DOLE's resolution to implement closed caption broadcasting of the Senate floor proceedings.

For years I have advocated the use of new technologies to help people with hearing impairments enjoy what many of us take for granted. In 1976, I initiated an effort, supported by Members of both Houses of Congress, urging the Federal Communications Commission [FCC] to allow the television networks to reserve line 21 of their broadcast signal on a permanent basis for closed caption television.

I am proud to say that the FCC granted that authority in 1976. Soon after, Texas Instruments developed the decoding technology to translate television dialog into a running script. Although that technology is available, the cost of the decoding devices has been prohibitive for many.

I introduced legislation to make access to the decoders more affordable, and I worked with other Senators to secure $1.5 million for closed caption decoder development in the fiscal year 1985 appropriations bill. This support for research and development has brought the cost of decoders down significantly.

There is so much we can do to encourage equal access for the hearing impaired. In 1986 I installed a toll-free telephone line for the hearing impaired in my Burlington office. Through the use of a teletypewriter, Vermonters with hearing impairments can call my office to get help with a problem, request information or just speak their mind.

A democracy cannot thrive unless its people participate. The Senate has the opportunity to expand participation in the democratic process by bringing the business of the world's most deliberative body to those whose only barrier is that they cannot hear. I will work hard with Senator DOLE and the leadership to gain support for closed caption broadcasting of the Senate.●

CONFIRMATION OF MANUEL LUJAN AS SECRETARY OF THE INTERIOR

● Mr. LEAHY. Mr. President, last week the Senate considered the nomination of Mr. Manuel K. Lujan to the position of Secretary of the Department of the Interior.

In the spirit of bipartisanship, and following the favorable recommendation delivered by the Committee on Energy and Natural Resources, I voted in favor of Mr. Lujan's confirmation. I did so, however, with reservation.

My criticism is not meant as a personal attack against Mr. Lujan. In fact, I find the Secretary-designate amiable, hard working, and dedicated to public service.

My criticism focuses on his voting record. During his 20-year tenure in the House, Mr. Lujan compiled a voting record on environmental issues that I would consider disturbing.

At this point in the confirmation process, the League of Conservation Voter's assessment of Mr. Lujan's environmental voting record is familiar. Out of a possible 100 points, he averaged merely 18—a score approached by few of his colleagues.

He supported, and pledged his continued support, for oil and gas exploration in the Alaska National Wildlife Refuge. Mr. Lujan voted twice in favor of weakening amendments to the Endangered Species Act. The Secretary-designate has been a consistent foe of clean air legislation. In short, he opposed environmental initiatives offered from both sides of the aisle.

I am confident that Mr. Lujan is aware of the significance of the position of Secretary of the Interior. I also hope he is aware of the extraordinary challenge this position represents today.

Not only will he have to balance the need to conserve our natural resources at a time when they are in such demand, as every Secretary of the Interior has had to do;

Not only must he manage these resources with equal attention to productivity and conservation, as every Secretary of the Interior has had to do;

Not only must he conform to the current budget climate at a time when Federal support for public projects is so much in demand, as every Secretary of the Interior has had to do;

Not only must he carry out the duties ascribed to him by law as Secretary of the Interior;

He must do more than was ever expected of a Secretary of the Interior. At no time before has our environment faced the crises it does now; it will not withstand the neglect of another environmentally disinterested administration.

I encourage Mr. Lujan to rise and meet this extraordinary challenge as Secretary of the Interior. I look forward to working with him to effectively address the issues threatening our environment today.●

ELMER FEDDER

● Mr. SIMON. Mr. President, recently, a longtime friend of mine, Elmer Fedder, the editor and publisher of the Winchester Times in Winchester, IL, sent an open letter to the Governor of Illinois, our colleague Senator DIXON, and myself, as well as to a number of other people who are officials in the State and Nation.

At this point, I ask to have printed in the RECORD his letter, and I urge my colleagues in the Senate and the House to read the letter by Elmer Fedder.

What Elmer Fedder talks about for the State of Illinois, calling on leadership in the State, is just as true at the Federal level. We now have a President who says he wants to go down in history as the education President. We have a Congress that, I think, is willing to provide leadership in the field of education.

But we have not zeroed in on what our specific goals should be.

I sense that we now move somewhat at whim rather than having a plan that can really lift the level of education in the Nation, with the primary emphasis at the State and local level, but with the Federal Government assisting and providing leadership.

I am taking the liberty of sending a copy of Elmer Fedder's letter and this

statement in the RECORD to the Secretary of Education, Lauros Cavazos. Secretary Cavazos is the person who would have to provide the leadership. I do not believe that any of the educational organizations, by themselves, have a broad enough base to do it.

The most effective commission I have ever served on had a length of 1 year. That was the President's Commission on Foreign Languages and International Studies, chaired by James Perkins, the former president of Cornell University.

I am not sure whether a commission appointed by Secretary Cavazos to report back in 1 year is the answer, but it is the best answer I can think of off the top of my head.

This commission should have a few key Members of the House and the Senate, plus members of the National Education Association, the American Federation of Teachers, the National School Board Association, the National Parent-Teachers Association, the principals, administrators, and representatives of nonpublic schools, and so forth.

A dream for what American education ought to be is needed. And the time to start dreaming is now.

The letter follows:

[From The Winchester (IL) Times, Nov. 17, 1988]

AN OPEN LETTER

(To Gov. James R. Thompson, Lt. Gov. George H. Ryan, Secretary of State Jim Edgar, Attorney General Neil Hartigan, State School Supt. Ted Sanders, Senator Alan J. Dixon, Senator Paul Simon, Congressman Richard J. Durbin, 18th Dis., Congressman Robert H. Michel, 20th Dis., Speaker of the House Michael J. Madigan, Senate President Phillip J. Rock, State Sen. Vince Demuzio, State Rep. Tom Ryder)

Illinois got the news (note considered good) on Nov. 19 that the Super Collider was going to be built in Texas.

I can remember that all, or most of you, were listed on a letter in support of the Super Collider project for Illinois. I can remember thinking that it was great that the political leaders of the state could agree on something like this. And it appears that all of you worked hard to get the Super Collider for the state.

There has been great disappointment since the announcement was made. I thought of writing this letter when the earlier support was shown for the Super Collider. Now that the determination has been made, my request is even more important, and it is this:

Wouldn't it be great if all of you could agree on supporting education in Illinois as unanimously as you have on the Super Collider? What could be more important to the future of our state than to make education the number one priority, make it a goal that would lift this state to new heights.

I do not harbor any delusions that this would be as quick a fix as landing the Super Collider for the state but it would be a "better fix" for generations to come.

We need to have education become a state and national goal, much as John Kennedy did in declaring putting a man on the moon in the 1960's. That was great and it gave our nation a purpose, a goal.

Education needs to have better teachers, turned out by colleges that will increase the standards to become good teachers.

Education needs to have better pay for teachers to keep them in the profession.

Education needs to become as exciting as putting an American on the moon.

The answers won't come easy. But the ultimate goal is one that would be much better for our state in the long run than the Super Collider could ever be.

I do know that the present emphasis on education is good but not good enough. It has been funded sporadically and there is not the continuity that there should be.

Let's have a group of ordinary citizens, teachers, school board members, college level professors, administrative representatives and students put their heads together and come up with a long term plan and let's stick to it. Now our efforts are fragmented, disjointed, without real purpose or meaning.

Can we rise above all of this and give the state a really good education system? That answer can only come from you.●

HELP FOR A LIBRARIAN

● Mr. SIMON. Mr. President, The American Civil Liberties Union is receiving more than the usual amount of attention these days.

The Peoria Journal Star recently had a story about Kay Thompson and some teachers in Chicago who said some things that may not have been popular and may not even have been right but who were defended by the American Civil Liberties Union.

I urge my colleagues to read this fine editorial, and I ask that it be printed in the RECORD at this point.

The article follows:

[From the Peoria (IL) Journal Star, Oct. 8, 1988]

HELP FOR A LIBRARIAN

The Chicago media have been reporting the story of a high school librarian who was removed from her position for the outrageous sin of speaking her mind about education.

Kay Thompson was among three faculty members transfered out of Roberto Clemente High School for comments reported in a newspaper story about the school and the heavily Puerto Rican neighborhood surrounding it. The trio talked about the difficulties of teaching in an area where students are caught up in gang wars, where large numbers of girls are pregnant, where parents are indifferent and family life is often unstable. Problems like these, the professionals said, at least partly explain why Clemente students' achievement scores rank near the bottom in the city, which means they must be abyssmal on a nationwide scale.

What Thompson said was basically this: The students' parents do not do enough to motivate their children. Their homes place too little value on academic success. There is not enough talk about college and the future. For these reasons, parents deserve at least as much blame for the students' failure as do their teachers.

She's not the first person to say that kind of thing and certainly not the only one to believe it. Educators everywhere recognize the extent to which a student's family helps determine how well he succeeds in school.

But parents of Clemente students did not like hearing what Thompson and the others had to say. They organized protests and boycotts, to which the Chicago school board eventually responded by transferring the three teachers. Thompson refused to acquiesce. She took her case to a federal judge, who ordered her reinstated until her suit can be heard. Meanwhile, the parents continue to march and shout, urging among other things that students cut classes one day a week until the "racist" librarian is gone from the staff.

Not all the students agree with the parents. Many still at Clemente and others now in college have been outspoken in praising their librarian for inspiring them to succeed.

Thompson doesn't intend to give up without a fight. But like most teachers, she doesn't have a great deal of money to hire an attorney to push a case for the sake of principle, even when the principle is among those most basic to this nation—the right to speak freely without repercussion. Fortunately, she found a lawyer willing to represent her for free.

The organization the lawyer works for does that kind of thing in the interest of policing the Constitution and the American way of life. It does so even when the causes are themselves unpopular and those who expouse them are under attack; popular causes usually do not need defending. It does so even when it becomes the victim of attacks by politicians who use McCarthyesque techniques not to advance the interests of the country, but to get themselves elected.

The organization is the American Civil Liberties Union.●

BLACK SASH MOVEMENT IN SOUTH AFRICA

● Mr. SIMON. Mr. President, on Sunday, December 25, a day set aside to remember the less fortunate, the New York Times had a story about the Black Sash movement in South Africa.

I ask that this article he reprinted in the CONGRESSIONAL RECORD at the end of my remarks.

There are some signs of hope in South Africa, despite a government that is oppressive and stubborn in its unwillingness to provide justice for all its citizens.

One of those hopeful signs is an organization called Black Sash.

When I was in South Africa last year, I had the opportunity to meet with some of the leaders of Black Sash.

They are quietly trying to stand up for justice and change in South Africa.

I applaud their efforts, and I urge my colleagues to read this article.

The article follows:

[From the New York Times, Dec. 25, 1988]

WHITE SOUTH AFRICAN WOMEN STEP OFF THEIR PEDESTALS TO FIGHT APARTHEID

(By Christopher S. Wren)

PORT ELIZABETH, SOUTH AFRICA, December 24.—Four mornings a week, the hard wooden benches at the Black Sash advice office here overflow with the bewildered, the desperate and the defeated.

The clients are poor and black, and they turn to a handful of white volunteers to help them get a job, a home, a pension check or just a little justice from a system stacked against the powerless.

With one organization after another restricted under the national state of emergency, much of the open, legal struggle for civil rights in South Africa has fallen upon Black Sash, an organization of middle-class white women who, along with the churches, constitute one of the most effective protests against apartheid today.

"I suppose it's by default," said Judy Chalmers, a Black Sash worker in Port Elizabeth. "They've detained everybody else."

These women consider themselves altogether ordinary, but their activities range well beyond noblesse oblige. They solicit depositions on police beatings, monitor trials, search for those detained without charges, dispense advice on surviving apartheid and mount silent protests wearing the black sash of mourning that gave their organization its name.

In its three decades, Black Sash has matured from a well-meaning society of leisured ladies into a feistier vanguard of women juggling careers as well as families, more impatient with a system that coddled them into adulthood.

The women of Black Sash are often heckled, sometimes detained and occasionally jailed. Some have had telephones tapped and car tires slashed. Bricks have been thrown through their windows and dead cats hung from their doorknobs.

Yet they continue to challenge the complacency of other white South Africans, who consider them ingrates for rattling the foundations of a society that lavished them with privilege.

"The greatest conversation-stopper at a dinner party is to announce that you're a member of Black Sash," said Rosemary Meny-Gilbert, who runs the Black Sash office in Cape Town, "Within the white community, we are seen as leftists, even pink. Among blacks, we are seen as moderates."

The Government has let Black Sash survive while closing down other anti-apartheid groups in part because white South African society has perched its women on pedestals. The police find it awkard to pack the paddy wagons with well-bred troublemakers who look like their mothers or sisters.

Mary Burton, Black Sash's president, recalled being detained at Pollsmoor Prison after a protest in Cape Town. "When I was in the cells, there were a couple of warders who could have been my children and who found it very difficult," Mrs. Burton said, "They hesitated closing the door until they had to do it."

That these women would choose to range the wretched black slums alone or in pairs strikes some whites as foolhardy. In one unruly black township outside Port Elizabeth, soldiers expressed concern for the safety of Sandy Stewart, a Black Sash member passing through their roadblock.

"The reason we're not afraid is that we don't come in carrying a gun," she snapped back. "Why don't you try it?"

Fear of ridicule inhibits some women from joining Black Sash, as does concern for their families.

"I've never known a Black Sash woman to be stopped by her husband's career, but if you're actively involved, you need a very supportive husband," Mrs. Meny-Gilbert said. She said her husband, Christian, a civil engineer who helped look after their two children, "always wants to know where I'm going."

MEN ARE ASSOCIATES

The men who offer support, usually husbands or boyfriends, are permitted to become associates, but not full members. "We've discussed the idea that men should come in, and there was a feeling there was more protection as a women's organization," said Joan Grover, a Cape Town dowager who joined Black Sash after immigrating from Rhodesia in 1957.

Some members interviewed admitted that joining Black Sash had built their self-esteem though they dismissed feminism as a narcissistic indulgence. "It's hard to claim you're oppressed when you see all around you people who are so much worse off," Mrs. Burton said.

Black Sash was born in the mid-1950's, when some upper-class white women in Johannesburg organized an automobile caravan to Cape Town, the seat of Parliament, to protest Government plans to revise the Constitution.

From its early peak of 10,000, membership has declined to a hard core of 2,000, a fraction in a white population of 4.5 million. Almost all come from the English-speaking community. So few Afrikaner women joined that Black Sash stopped printing literature in Afrikaans.

Volunteers have different reasons for joining. "Some are religious but just as many are not," Mrs. Chalmers said. "Some have a personal experience that pushes them."

Others decide they are fed up with apartheid. Their common purpose, Mrs. Chalmers said, was as "thinking people who believe South Africa has got to become a democratic state if we're not going to be destroyed."

She joined Black Sash in 1981 after concluding that traditional politics were ineffective. She began helping in black townships with her sister, Molly Blackburn, a Black Sash veteran whose fearlessness was legendary in the Eastern Cape.

One of many Blackburn anecdotes recalls her hearing that police had detained a black teen-ager during unrest in Uitenhage a couple of years ago. Mrs. Blackburn invaded the police station and discovered the youth handcuffed to a table; two policemen were beating him while a third chewed on a take-out order of fried chicken. "Just what is going on here?" she demanded in the voice a schoolmistress would use to reprimand naughty pupils. The cowed policemen let her march out with their battered prisoner in tow.

When Mrs. Blackburn was killed in an automobile crash in December 1985, black mourners showed up by the thousands for her funeral on a hot day. "It was the most incredible event," Mrs. Burton recalled. "The streets of Port Elizabeth filled with black people from all the little towns. I'm sure the whites thought the revolution had come."

Since her sister's death, Mrs. Chalmers has walked point for Black Sash in the Eastern Cape, a conservative region as unforgiving of civil rights workers as the Mississippi Delta was a quarter-century ago. But she is welcome in the black communities around her native Port Elizabeth.

The women of Black Sash have found audacity their best weapon. "I feel like an aging lioness surrounded by jackals," Mrs. Chalmers said. "They still don't know how to handle me."●

REFLECTIONS ON "THE UGLY DECADE"

● Mr. SIMON. Mr. President, the beginning of a new year is a good time to look back and look forward, a good time to reassess and to reflect. In a column I write for newspapers in my State, I've done a little reflecting on the decade were about to complete. I ask to have it reprinted in the RECORD.

REFLECTIONS ON "THE UGLY DECADE"

Getting away to my home in rural southern Illinois for the holidays provided an opportunity to breathe some clean air, saw a few logs for our fireplace and reflect on what is going right in the nation and what is going wrong.

Novelist James Michener has called this "the ugly decade." More pointed, columnist William Rentschler writes, "We wallow today in * * * the cesspool of unrestrained greed."

One of America's wealthiest persons, industrialist H. Ross Perot, gave a talk in which he said we're going to have to learn to care more about each other or the nation will be on a permanent road of decline.

One of the things that is happening in the nation is that the weakest and poorest among us are less and less on our doorstep. We shudder when we see people sleeping on the streets, but people who face almost as desperate a situation, but who have shelter, are hidden. We increasing are segregating the nation on the basis of economics.

And what is true within the nation is true of the world. If you compare defense expenditures as a percentage of national income, the United States at 5.8 percent is far ahead of Western European nations, about two and one-half times the percentage expenditure of Canada, and almost six times the percentage expenditure of Japan.

But then you compare what we are spending on foreign economic assistance to help the world's desperately poor and we are behind those same nations. The Netherlands and Norway spend five times as much as we do on this, relative to national income.

We spend one-fifth of 1 percent of our national income on economic assistance to other countries. After World War II, under the Marshall Plan, we spent 2.9 percent of our national income—more than ten times as much as we do today.

Why the change?

Is the United States poorer today? No.

Is poverty around the world less of a problem? No.

The difference is after World War II your congressional representatives and your Senators could come home and say to the Schmidts and the Scarianos and many others in this country of European ancestry, "I'm helping your relatives."

But now the poor live in nations like Sudan, Bangladesh, Mauritania—and virtually no one comes up to political leaders and asks, "What are you doing to help my relatives?" The political sex appeal is gone for economic assistance.

And that problem is compounded by leadership that too often says, "Look out for yourself. Don't worry about others."

It is not said that bluntly, but that is the message.

And so we have learned to tolerate urban school systems that should shame us. Families desperate for jobs are not our neighbors, and so we pay little attention. They're on Indian reservations or in the inner city

or in isolated rural pockets of poverty. None of the 38 million Americans without any health insurance is likely to be in our circle of friends.

We have just gone through a holiday season when Christians make much of Christmas and Jews make much of Hanukkah.

We are very public in our professed piety.

But the caring and selflessness that our religious call for too often are lackng.

Theologian Donald Shriver has written, "There are not many people in public life of whom one can say, 'They talk as though their faith is so much a part of them that they don't have to make public reference to the fact.' "

Public piety has replaced genuine concern.

The beginning of a new year is a good time to remind ourselves that ultimately we are one family, and when anyone in that family hurts, all of us hurt.

I hope we can become "a kinder, gentler nation," not just with our words, but with our deeds.●

DEALING WITH OUR MASONIC DESTINATIONS

● Mr. SIMON. Mr. President, recently, Francis G. Paul, the Sovereign Grand Commander of Free Masonry in the United States, wrote a column in their publication indicating some positive, constructive steps that are being taken by the Supreme Council of the Masonic organization.

The Masons have contributed immensely to enriching this Nation.

Anyone who has visited a hospital for crippled children supported by Masons understands in very human terms what has been done.

And I have seen them reach out to build bridges of understanding. A very practical example is in Shawneetown, IL, where the Masons and the Knights of Columbus get together annually for a fundraising dinner for good causes in that area.

There are a host of other examples that could be cited.

I ask that the statement of the Sovereign Grand Commander, Francis G. Paul, be printed in the RECORD.

All of us need to reexamine how we can play a more constructive role in building a better America.

The Masons have set a fine example by reaching out and making their fine organization an even finer one.

The statement follows:

DEALING WITH OUR MASONIC DESTINATIONS

"Obstacles are those frightful things you see," someone wrote, "when you take your eyes off your goals."

One of the best, most efficient ways to stay where you are or even go backward is to focus on the obstacles. They are the distractions that keep us from becoming the best we can—both personally and as a fraternity.

When you and I take a risk, we test ourselves. When we decide to solve a problem, we face the possibility of failure. When we step out to break new ground, we know the voices of the critics will be raised. Safety is certain, at least for awhile, if we do nothing.

Yet, Masonry teaches us to be dissatisfied—discontent—with the status quo. Freemasonry challenges us to reach for the ideals of justice, brotherly love, and improvement—individually and as a fraternity.

In its annual report to the Supreme Council in September, the Committee on the General State of the Rite broke new ground. While applauding our many successes, the committee urges us to set our eyes on our destinations, our goals.

Race and ethnic groups. "This committee carefully searched our constitutions and ritual," the report reads, "finding nothing to indicate that we should deprive membership in our fraternity to any man because of race, color or creed." Pointing out that this is indeed a difficult subject, yet it is one "that has been avoided for too many years."

The report continues, "It is the committee's opinion that unadmitted, residual racial bias hurts us, sapping our strength, and depriving us of men with strong leadership ability."

Although long overdue, the Supreme Council has elected the first black member to receive the 33° at our next annual meeting. "In today's society, we can no longer 'stone-wall' this vital issue if we really intend to practice what we preach—brotherly love—in this wonderful nation of people with many and diverse origins," states the committee report.

Sovereignty of the Grand Lodges. Nothing that the framers of our U.S. Constitution recognized that the survival of the young nation depended on a balance of authority between the individual states and a federal government, the committee indicates that "there is a lesson to be learned" for our fraternity.

The committee has stepped forward with a call for "some central governance group—a policy-setting body with executive power to provide cohesive, coordinated management of the total Masonic fraternity."

If we are to grow and if we are to meet the challenges of today and those of the 21st century, we must have a national approach for Freemasonry.

Penalties of the obligations and balloting. "It is becoming increasingly apparent that thinking candidates are have trouble giving honest assent to the current penalties contained in the obligations," reports the committee. "Oaths required deal with 'ancient' penalties which are obsolete, unbelievable, unacceptable and simply not relevant in today's society."

Oaths taken anywhere on a Bible are not "symbolic." Our creditability as a fraternity suffers when we attempt to "explain away" our ancient Masonic penalties. As a result, the committee urges all Bodies of Freemasonry to commence an "orderly rewrite and substitution of the onerous penalties in the various obligations of our order."

Finally, the committee addressed the balloting issue. "With our prevailing procedures of admitting new members only by unanimous, favorable ballot, we leave too much room for private pique and spite, all of which serves to deny true liberty and justice." In order to rectify this situation, the committee has called for the Supreme Council to amend its Constitutions to require three negative votes to reject a candidate for all of our degrees, and urges all Masonic Bodies to give this suggestion immediate attention."

For men whose eyes are on the goals, there are no obstacles, just opportunities to lead the way. The committee report received a standing ovation. Evidently, we are ready to move forward.

We may never achieve perfection, but we can find more perfect ways for justice, brotherly love, and improvement to prevail in Freemasonry—and the world. When you think about it, the only frightful obstacle is our unwillingness to act on our Masonic ideals.●

AUTHORITY FOR COMMITTEES TO REPORT LEGISLATIVE AND EXECUTIVE CALENDAR BUSINESS

Mr. MITCHELL. Mr. President, I ask unanimous consent that committees be permitted to report legislative and executive calendar business on Thursday, February 16, between 12 noon and 3 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. MITCHELL. Mr. President, I yield to the distinguished Senator from Alaska.

Mr. STEVENS. Mr. President, I thank the leader.

ORDER OF STAR PRINT—S. 6

Mr. STEVENS. Mr. President, on behalf of Senator MCCAIN, I ask unanimous consent that S. 6 be star printed to reflect the change in the title from the "Spending Enhancement Control Act of 1989" to the "Spending Control Enhancement Act of 1989."

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL TOMORROW

Mr. MITCHELL. Mr. President, if the distinguished Senator from Alaska has nothing further and if no other Senator is seeking recognition, I now ask unanimous consent that the Senate stand in recess under the previous order until 12 noon tomorrow.

There being no objection, the Senate, at 5:46 p.m., recessed until tomorrow, Wednesday, February 8, 1989, at 12 noon.